

John Walsh
Goes on a Belgian
bender, page 21



When a babe has
a baby of her own

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Disaster! Coming to
a cinema near you

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THE INDEPENDENT

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THURSDAY 4 JULY 1996

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Yeltsin: The sick man of Europe

TONY BARBER, PHIL REEVES
and HELEN WOMACK
Moscow

He was fighting two battles yesterday. First, he was seeking to defeat his Communist rival, Gennady Zyuganov. At the same time, and perhaps even more importantly, President Boris Yeltsin was seeking to convince Russians and the outside world that he is robust enough to govern his vast realm into the 21st century.

As the last polling stations closed in European Russia, 24 hours after they opened in Kamchatka in the Far East, the tentative signs were that he was winning one of the two

fronts: first exit polls gave Mr Yeltsin a lead over Mr Zyuganov of 55 to 40 per cent. Less promising was the mounting evidence that the 65-year-old President and conqueror of Communism may be too sick to survive a full four-year second term in office.

The implications of this could be cataclysmic. Mr Yeltsin's illness, clearly more serious than the Kremlin's official account of a cold or sore throat, forced him to cast his ballot yesterday morning in the village of Barvikha outside Moscow, the same place where he convalesced after his heart attack last year. It was evidently a last-minute decision by his doctors

to keep him under wraps. The President's staff had earlier escorted four hordes of television crews and reporters to Mr Yeltsin's usual voting station, Oseany Bulvar, in western Moscow.

After waiting for two hours for the President to arrive, the assembled media were finally informed by his trusty Prime Minister, Viktor Chernomyrdin, that Mr Yeltsin had already cast his vote at 10am in Barvikha. "Why not - it's easier there, it's nearer there," Mr Chernomyrdin said. "He's all right. He has his finger on the pulse."

If Mr Yeltsin dies, the reins of power would pass over in the first instance to Mr Chernomyrdin, who has gained a reputation as a safe pair of hands. He would call fresh elections, within three months. Alexander Lebed, the retired army general whom Mr Yeltsin appointed two weeks ago to take charge of Russian national security, would be likely to stand for president. Few in the West would see much reason to rejoice.

Mr Yeltsin has been ill and disappeared from public view several times in the past, most notably in December 1994 when the Russian armed forces stormed into Chechnya and the President was said to be recovering from a "nose operation". But at 65, he has already lived longer than the average

Russian male, and he inflicted a punishing schedule on himself when campaigning across Russia's 11 time zones before the election's first round.

With Mr Yeltsin's history of heart trouble, it seems logical to assume that his week-long absence from public view stems from the same problem. But the US television network CNN, whose broadcasts are closely followed by Russia's political classes, appeared to jump to the wrong conclusion when reporting, while the polls were still open, that Mr Yeltsin was suffering from angina.

A presidential adviser, Sergei Karaganov, pointed out that the Russian word "angina", which

had been used to define the President's illness, means "sore throat" or "tonsillitis". That said, a sore throat appeared to be the last of Mr Yeltsin's worries as he spoke clearly, if woodenly, in a one-minute address filmed by Kremlin cameras at Barvikha.

"All of you, absolutely all of you, come along, don't forget your duty," the President said, exhorting citizens to vote. Explaining his failure to cast his ballot in Moscow, he joked: "I have already fulfilled the plan for talking to the press by 120 per cent." Whilst millions of provincial voters appeared unconcerned by the President's fragile health, those in the

know in Moscow and St Petersburg it was a more disturbing business. That is principally because of the rise to prominence of Mr Lebed.

He has made it clear he sees himself as Mr Yeltsin's natural successor and has shocked reformist opinion with a series of bellicose threats to shake up Russian society. If Mr Yeltsin, back to office, were to become seriously incapacitated, Mr Lebed would almost certainly make a bid for supreme power.

Mr Zyuganov, whose attempts to raise the health issue in the campaign's last week were largely suppressed by the pro-Yeltsin Russian media, made one last effort to capitalise

on the President's illness yesterday. "Apparently his state of health is not very good. He has not seen any of his closest aides in the last few days," the 52-year-old Communist leader said, before voting in Moscow. But last night those around the President had more immediate worries on their minds - specifically, the turn-out. Polls closed in 14 regions to reveal an estimated turn-out of around 62 per cent, a figure that was lower than Mr Yeltsin's campaign team could feel comfortable with, but above the dangerous 60-per-cent threshold at which he would stand a significant chance of defeat.

Further reports pages 12, 13

Edward I stole it from the Scots; four nationalist students stole it back; 700 years on the Stone of Scone is going home

Major tries royal magic to appease the Scots

The Scots asked for a parliament, and John Major gave them a Stone. The Prime Minister announced yesterday to a staggered House of Commons that, after 700 years, the Stone of Scone is to be taken out of the Coronation Chair in Westminster Abbey and returned to Scotland.

It belongs, in legal theory, and no doubt in her opinion, to the Queen. But Mr Major stated that she had agreed to the transfer "on the advice of Her Majesty's ministers". The Stone, on which Kings of Scotland were crowned until Edward I of England seized and removed it in 1296, may be placed in Edinburgh Castle later this year.

Politics is often symbolic. But nothing in this British century is stranger, or more touching in its faith in magic, than John Major's attempt to propitiate the Scots by returning the Liath Fàil, or Stone of Destiny, after 700 years of exile.

And nothing more plainly reveals the superstition which still underlies this monarchy than the plaintive half-protest issued yesterday by the Dean and Chapter of Westminster Abbey. To them, the "symbolic" and emotional significance of the Stone, its "intimate association with the Sacrament of Coronation" and its "religious associations" raise an agony of anxiety in "those who are advising the Queen in this matter". The working of a mighty spell seems to be endangered, and in reaction as unpollitical - and indeed non-Christian - as the old myth that the monarchy will fall when the ravens of the Tower of London perish.

Edward I was much more rational when he took the Stone, together with archives and holy relics, in 1296. Like a Victorian conqueror in West Africa, calculating that removing the sacred stool of a king would demoralise his subjects and sow them into accepting foreign rule, he thought that this would break Scottish morale. It had seemed to work when the Crown of King Arthur and a fragment of the True Cross were seized from Wales in 1284.

By Neal Ascherson

But this time Edward was wrong. The Wars of Independence followed, culminating in the crushing Scottish victory at Bannockburn in 1314. Edward's grandson, acknowledged the mistake and, at the Treaty of Northampton in 1328, agreed to give the Stone back. But the London mob rioted in protest, and the Stone remained in Westminster Abbey.

There it stayed, a mysterious great slab which was once thought to be basalt but now seems to be a sort of limestone, until a group of young Scottish patriots, led by Iain Hamilton, broke into the Abbey and took it back to Scotland at the New Year of 1950. When the tidings came on the BBC, a vivid flash of exultation ran all over Scotland - one of those instances where they were when they heard the news.

More than a year later, after negotiations which are still obscure, the Stone was laid in the ruined Abbey of Arbroath for the seekers to find, and returned to Westminster. Nobody was prosecuted. Some believe that only a fake Stone was returned, and that the real one still lies somewhere hidden in Northern darkness. But Michael Forsyth, the Secretary of State of Scotland, promised yesterday that X-ray tests, to be published shortly, will show that the slab on which the young Queen Elizabeth sat to be crowned two years later was, and remains, the real thing.

Talk about "the return of cultural heritage" is beside the point. It is all too clear that this lump of rock is anything but dead heritage. The Stone is alive, and, in England, more so than in Scotland, still radiates an awesome charge of power and legitimacy. The origins of the Stone are unknown. The medieval Scots invented fancies that it was the stone which had been Jacob's pillow when he dreamed of the ladder to heaven and saw angels ascending and descending.



Edward I (in the film *Braveheart*) who took the stone in 1296 to break the Scots' morale; but just provoked them further. Photograph: Andrew Cooper / Ronald Grant Archive

brought to Scotland by the mythical Prince Gathelus from Egypt. It seems to have been taken to Scone, near Perth, by King Kenneth MacAlpine in the 9th century. Stones sometimes played a part in the Dark Age ceremonies for inaugurating kings, together with bardic recitations of ancestry.

Stately, less primitive is the provision that the Stone must be trundled back to Westminster for future Coronations. That is not just superstitious fear of the ritual may not be effective, although that is a thought. If the Stone is returned, the Kings of Scotland will be crowned un-

til the 13th century were to remain north of the Border, there would be strong pressure for a separate Scottish Coronation of all future British monarchs. The High Kings fell into this trap. The Emperors of Austria-Hungary also became, by marriage and conquest, kings of Bohemia and Hungary, and there were coronation ceremonies in Prague and Budapest as well as Vienna. The effect of this was to preserve the sense of injured pride in those two kingdoms, later to develop into full-blown nationalism.

Will the return of the Stone, an idea put to Mr Major earlier this year by the ingenious Mr Forsyth, appease the Scottish

hunger for self-government? It is likely to have the opposite effect. "It might have worked when Sir Walter Scott discovered the ancient regalia of Scotland in a box in Edinburgh Castle, romantic excitement seemed to strengthen loyalty to the Hanoverians rather than weaken it."

Today, 170 years later, national feeling will only take strength from the righting of an old wrong. As Sir David Steel said in the Commons yesterday, most people in Scotland "want not just the symbol but the substance of the return of democratic control". This Stone is going to roll a long way before it comes to rest.



The men who took the stone (right) in 1950. A year later it was 'found' in Arbroath

Finders keepers in a world game of marbles

REBECCA FOWLER

It is the world's biggest game of marbles. For centuries nation's have plundered each other's most beloved artefacts, including the Stone of Destiny, only to claim "finders keepers" when asked to return them.

The list of lost goods covers the spectrum of history, from a manuscript containing the oldest sentences written in Welsh to an Aztec feathered headdress, jewels once thought to belong to Helen of Troy, and a collection of Norse chess pieces.

Among the greatest boarders of all is the British Museum. The most disputed artefacts to be plucked in Bloomsbury are the Elgin Marbles, which once adorned the Parthenon in Athens. Lord Elgin bought them from a Turkish overlord in 1801, and sold them to the museum in 1816 for £35,000.

Glenys Kinnock, the Labour MEP, has joined calls for the marbles to be returned, and in return "hopes to see Welsh artefacts brought back to her homeland from England. The Gospel of St Tello, a religious manuscript, has been in English hands for 1,000 years.

For the most part the artefacts are priceless. The world's most valuable chess set, dug up on the Isle of Lewis in 1801, recently became the subject of a custody battle between the islanders and the British Museum. Both kings are insured for £1m each.

But it is not just the British who are expert at laying their hands on other people's cultures. The Greeks are equally anxious to reclaim the *Venus de Milo* from the French, who have given the mutilated statue pride of place at the Louvre for 170 years, while Moscow is brimming with as many foreign treasures as Bloomsbury.

As well as some of the finest impressionist paintings in the world, seized as trophy art from the Germans at the end of the Second World War, the Russians have Priam's Treasure. The hoard of 100 Turkish objects was found by Heinrich Schliemann in 1873 and taken from Berlin by Soviet soldiers in 1945.

At first, Schliemann believed they were the personal jewels of Helen of Troy, and adorned his young Greek wife with the most beautiful. But they are now recognised to be much older than the Homeric era.

One of the most unusual artefacts to be disputed is the *Quetzalcoatl*, the head-dress of the Aztec emperor Montezuma, which has been in Vienna for 100 years. It is made from 450 feathers of the quetzal and extinct cotinga bird.

Mexican Indians danced outside the presidential palace last year to encourage official action. The Austrians maintain the plumage "would rot in the tropics" and claim it never belonged to the emperor anyway.

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QUICKLY

MPs vote for rise
The House of Commons will next week spurn a Government call for pay restraint with a free vote which will bring a 26 per cent pay rise for MPs.

Woman to run ROH
A woman looks certain to take over the running of the Royal Opera House, in London, for the first time. Four high-profile women in the arts are being considered by the ROH board to take over as general director when Sir Jeremy Isaacs retires next year. It is understood that the nature of the post is likely to change.

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German mogul scoops the World Cup

MATHEW HORSMAN
Media Editor

A reclusive German billionaire, barely known outside his own country, yesterday scooped up the non-US television rights to the World Cup in 2002 and 2006 for a record \$2.2bn, boosting football's leading event to Olympic status and breaking a 25-year hold on the rights by European public-service broadcasters.

The bid by the Bavarian media baron Leo Kirch, one of the world's leading holders of movie and television rights, was "absolutely mind-boggling," an

insider at Fifa, football's world governing body, said last night, adding that it marks the first time that a rights "broker", rather than broadcasters themselves, has won the lucrative contract.

The scramble to secure rights country by country will now start, with both the BBC and ITV obliged to deal with Mr Kirch for the rights in the UK.

Mr Kirch, heavily built and nearly blind from diabetes, beat bids by the European Broadcasting Union, which includes the BBC, and IMG, the sport agency owned by Mark McCormack. The loss by the EBU

was a further blow to the fortunes of public-service broadcasters, who have been forced increasingly to compete for rights with private companies.

But Fifa's general secretary, Sepp Blatter, said yesterday that Fifa would ensure "ordinary viewers" will be able to see the games, and had retained a veto over any subsequent deals on rights in different countries.

"This is our responsibility to make sure that they see it, it is our duty," he said.

Fifa will be guaranteed at least \$1bn for the 2002 event, to be co-hosted by Japan and South Korea. Any additional

profits will be shared equally between Fifa and Mr Kirch and his partner, the marketing company ISL. That dwarfs the \$183.5m in TV rights paid for the 1998 World Cup in France, and confirms football's status as an event nearly equal to the Olympic Games.

The explosion in the value of television sport rights has been sparked by the growing market for pay television, and the promise of saturation coverage once 500 digital television channels are launched in Europe, probably within two years. It is through the pay-TV market that Mr Kirch hopes to make his

money, offering wall-to-wall coverage of the matches, on a pay-per-view basis, in addition to selling the live rights to terrestrial broadcasters.

Mr Kirch, 68, is one of Germany's most successful and secretive media giants. He owns 25 per cent of Premiere, the country's only pay-TV channel, 10 per cent of Mediaset, the company belonging to the Italian magnate and politician Silvio Berlusconi, and 37 per cent of Axel Springer Verlag, publishers of *Die Welt* and *Bild*, Germany's biggest-selling daily tabloid with a circulation of around 5 million. His 40 com-

panies worldwide have assets of 7 billion deutschmarks. He is a devout Catholic, and a close confidant of the German Chancellor, Helmut Kohl, but also owns Sat 1 TV network, which broadcasts soft porn.

The son of a wine grower, he made his fortune buying and selling rights to movies and television. His connections to Italy extend back to the 1950s, when he bought the rights to Fellini's *La Strada*. He now controls the rights to 15,000 movies and 50,000 hours of television, which he intends as fodder for a new digital pay-TV network to be launched this summer.



Leo Kirch: Bid \$2.2bn for TV rights Photograph: Rex Features

Test finds dyslexics are born, not made

CHARLES ARTHUR
Science Editor

New research has revealed that dyslexia is definitely due to differences in brain function which exist before birth.

The findings, by a British researcher, show that the disorder is linked to a subtle inability to process visual information about moving objects.

Scientists researching dyslexia, which affects an estimated two million people in the UK, now think it may be caused by a general inability to process fast-changing data from any of the senses.

The difference discovered in the latest work is so small that it makes no difference in other everyday activities. But the method used to find it could allow dyslexia to be diagnosed without reading tests, using Magnetic Resonance Imaging (MRI), which can look at activity within the brain.

In a three-year study, Guinevere Eden, of the National Institutes of Health in Bethesda, Maryland, used MRI to study the activity of a particular part of the brain's visual processing system, called V5/MT.

The MRI system spots changes in the flow of blood in the brain, so it highlights any area that is particularly active.

Six dyslexics and eight people with normal reading abilities were compared as they watched fast-moving dots on a screen. In the normal subjects, V5/MT showed heightened activity; in the dyslexics, it did not. When the same people were shown stationary dots, the differences disappeared. The results are published in the science journal *Nature* today.

Dr Eden pointed out that her work does not show that this difference is the cause of dyslexia. "This really indicates that dyslexia is a biological abnormality, not the result of upbringing or education. It also shows that there's some involvement of the visual system in dyslexia." She noted that the V5/MT area is fully formed before birth, showing that dyslexia must be innate.

The reduced activity in the visual cortex does not mean that dyslexics have problems following words on the printed page, said Chris Firth, of the Institute of Neurology in London. "The problem described is very small. It wouldn't directly affect the ability to read. You could only detect it in the lab."

But there may be related problems with the auditory cortex, which processes signals from the ears, he suggests.

Dr Eden intends to study that area of brain function next.

Dr Firth believes that dyslexics might all have more deep-seated problems in processing data, either from eyes or ears.

Dyslexics have problems in detecting whether words or letters rhyme - a process which depends on recognising changes in the frequency of syllables.

The British Dyslexia Association welcomed the results. "It should show the doubters, of whom there are too many, that it's not just the invention of frustrated middle-class parents who are disappointed at their children's performance in school," said a spokesman. "It's very welcome."

Mission possible: red tape cut to boost film industry

LOUISE JURY

It looked like a mission impossible: making a Hollywood blockbuster in the heart of London without making the movie-makers mad.

The British capital was notoriously difficult. Dublin, Prague, Berlin - all have welcomed film crews to their heart. But London's reputation was for infuriating red tape.

Until now. The blockbuster film, *Mission Impossible*, has marked a turning point.

When Tom Cruise and Kristin Scott Thomas, the film's stars, arrive at the gala premiere to Leicester Square tonight, their glitzy smiles will be matched only by the beam of satisfaction on the face of London Film Commissioner Christabel Albery.

She has spearheaded efforts to cajole and persuade police, councils and anyone who cares to listen of the vital economic importance of making London a film-makers' paradise. It appears to be working.

The Saint, starring Val Kilmer, has been filmed this year in corners of the capital from the City to Ears Court. *One Hundred and One Dalmatians* was shot in Trafalgar and Leicester Squares, St James's Park and on the banks of the Thames.

In *Mission Impossible*, which opens nationwide tomorrow, a helicopter swoops past Tower Bridge. Tom Cruise runs through a hosepipe-generated rain at Liverpool Street station and regulars will recognise the Anchor pub near Southwark Cathedral.

Paul Hitchcock, executive producer of both *Mission Impossible* and *The Saint*, said: "We've found that things are much easier now than they were."

"Nothing is perfect, but Christopher Brock, the location manager, feels that the boroughs and the police have been much more helpful than in the past. We've used numerous locations, and to think it's all gone very well is a compliment to London."

The praise is dear to Ms Albery's heart. More than three years ago, she first dreamt of a film commission to smooth the way for the movie industry. Last year, she won a £100,000 government grant and this autumn she plans the "official launch".

But she and her small team, based in a former pub off the Portobello Road, have already produced a code of practice and helped more than 40 feature



Starring role: Liverpool Street station is one of the central London locations featured in Tom Cruise's blockbuster movie, *Mission Impossible*. Photograph: Murray Close/Paramount

films with inquiries on everything from locations to technical staff.

"I watched (the action film) *Die Hard With A Vengeance* to see what New York does to support film-making," Ms Albery said. "And what they do is staggering. I think if it is possible in a busy city like New York, we should try to make it happen here."

Mission Impossible, a remake of the hit Sixties' American television show, might not

have come to the city without London Film Commission persuasion.

"When they were deciding where to shoot it, they were quite keen not to shoot it here," Ms Albery said. The makers had seen old council rules about filming in London and they arrived at the meeting "absolutely horrified".

"It was a very testing meeting. They came up with all these demands and I just went on insisting that, as long as they

gave us notice, we could schedule it."

It worked. "When they left, they definitely had a different feeling about London," Bill Neilly, who has liaised with filming in the borough of Southwark since television's *The Bill* first arrived on its doorstep eight years ago, said relations had certainly improved in recent years. "We give them as free a hand as we can," he said.

Maurice Pillingier, from Westminster council, said knowing the London Film Commission was on hand if a problem emerged gave them the confidence to be flexible.

When the producers of *One Hundred and One Dalmatians* wanted to film in central London, the council had doubts about the motley collection of production vehicles. "All the lawyers live in Westminster - everybody knows how to complain," Mr Pillingier said.

So he asked the film company to paint all its vans in uniform blue and white. There were no complaints.

The capital is still losing films to rivals like Ireland which provide generous tax incentives, but Ms Albery said a number were now taking advantage of the newly-forged helpfulness of the capital.

"Film-makers shoot where they feel they are welcome, where things are made easy for them," she said. And London is now trying.

Made in London: A brief filmography



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politics

PM's new pay to rise to £143,000 a year

ANTHONY BEVINS
Political Editor

The House of Commons will next week spurn a Government call for pay restraint, with a free vote that is confidently expected to carry a 26 per cent pay rise for MPs.

Backbench MPs will endorse a recommendation from the Senior Salaries Review Body, to be published today, that they receive a rise of more than £1.70 a week, moving them up from £34,085 to £43,000, backdated to the start of this month.

As the *Independent* reported yesterday, some MPs will lose on the roundabouts what they win on the salary swings. The review body report calls for the high-rate mileage allowance of 74.1 pence for 2,300cc-plus cars to be cut to the existing lower rate of 47.2p a mile.

Some MPs were calculating that, once tax was taken into

Projected pay rises

Prime Minister: Now £84,217, recommended £143,000
Cabinet ministers: £69,651, recommended £103,000
The Speaker: £69,651, recommended £103,000
Cabinet ministers in the House of Lords: £57,161, recommended £77,963
Leader of the Opposition: £64,167, recommended £98,000
Ministers of State: £56,785, recommended £74,125
Junior ministers: £49,283, recommended £66,623
Backbench MPs: £34,085, recommended £43,000

account, this change would wipe out the pay rise.

But John Major is expected to urge the House to set a public example and exercise restraint in its vote next week. The Prime Minister's office said last night that public sector pay policy was based on effort, merit and affordability.

Those criteria will certainly be applied by the Cabinet to the recommendation of the review body on their own salaries, which would rocket from

£69,651 to £103,000, an increase of 48 per cent, to take effect after the election.

But even that figure was capped when it came to the office of Prime Minister, with the report urging that whoever wins the next election should take a rise of 70 per cent, from £84,217 to £143,000.

Other recommended rises include a move from £69,651 to £103,000 for the Speaker, and £98,000, up nearly £34,000, for the Leader of the Opposition.

The proposals brought instant condemnation from union leaders and left-wing MPs.

Barry Reamsbottom, general secretary of the Civil and Public Service Union, said: "I am not against MPs and ministers getting the rate for the job. But it is gross double standards if they don't apply the same principles to those they employ."

Chris Mullin, left-wing MP for Sunderland South, told the *Independent* that he would table amendments opposing an inflation-busting pay deal.

But those views left many Labour MPs spluttering with rage. Sir Terence Higgins, the senior Tory backbencher, said: "Over the last 30 years, there has been no real-terms increase in pay for MPs, and... Ministers' pay has halved."

Sir Terence said the report represented a welcome attempt to restructure pay.

Slackers and slackers, page 20



Suffer the little children: John Crozier and his son Jack, 3, whose sister Emma died in the Dunblane tragedy, arrive at the House of Commons to support the "Snowdrop" petition calling for tougher firearms controls. Photograph: Nicholas Turpin

Challenge to Tories over Scottish vote

STEPHEN GOODWIN
Parliamentary Correspondent

John Major was challenged yesterday to say whether the Conservatives would accept the verdict if the Scottish people voted in a referendum to set up an Edinburgh parliament.

In a trenchant defence of Labour's promise of referendums on devolution, Lord Irvine of Lairg, the shadow Lord Chancellor and one of Tony Blair's closest advisers, said he was confident of securing a powerful "Yes" vote.

"If the Scottish people say 'Yes' in the referendum, will the Conservative Party accept the will of the Scottish people, or will they go on opposing devolution?" he asked, as peers began a two-day debate on the Constitution.

Lord Jenkins of Hillhead, leader of the Liberal Democrat peers, warned of recreating the troubles of Ireland at the beginning of the century if the "settled wisdom" of the Scottish people was defied.

"It would be an experience which we would be foolish not to have at the back of our minds," the former Labour Cabinet minister told peers.

The Government staged the debate in the hope of wrong-footing Labour over its plans for a "Tartan tax-misgiving Parliament".

Lord Mackay of Clashfern, the Lord Chancellor and himself a Scot, said Mr Blair's proposals contained serious flaws and risked breaking up the United Kingdom.

He told peers the difference in size of the nations of the UK made balanced devolution impossible: Scottish legislation would no longer be scrutinised

in a second chamber and investment would suffer.

"It is crucial that the risks of devolution are recognised. I do not believe it is satisfactory to pledge a referendum to be held before a devolution Bill is proposed," Lord Mackay said.

Scots would be voting before knowing how difficulties, particularly financial ones, would be resolved.

But Lord Irvine, in a speech praised by Lord Jenkins as one of the most powerful he had heard in the House, said the Conservative Party had become as autocratic as it was remote: "A large part of the malaise that grips our country stems from a profound disillusion with its system of government."

Labour believes the Government is over-centralised, he said. The institutions of democracy should be brought closer to the people they represented. There was a contradiction at the core of Conservative thinking - "Yes to subsidiarity in Europe; No to subsidiarity in the UK."

Lord Irvine cited enthusiastic support in the early 1970s for a Scottish parliament with tax-raising powers from Margaret Thatcher, the Scottish Secretary Michael Forsyth and his predecessors Ian Lang and Malcolm Rifkind. "How the vision of youth can fall prey to crabby middle age," he quipped.

Reaffirming that Labour would "certainly" campaign for a parliament with tax-varying powers of up to 3p in the pound, he told peers: "The referendum decision is right in principle. It signals no weakening of commitment. On the contrary, the purpose of the referendum is to demonstrate the demand for devolution."

Army families will be safe

CHRISTOPHER BELLAMY
Defence Correspondent

The Government's plans to lease 60,000 Ministry of Defence-owned married quarters will not disrupt service life as MPs and families feared, senior officers said yesterday.

But last night the Defence Secretary, Michael Portillo, was caught up in a fresh row over the £1.6m sale when it was revealed that £4.4m has already been spent on consultants' fees.

So as the senior officers' announced their support for the revised scheme, Mr Portillo faced a renewed Tory backbench rebellion.

Despite threats of defeat in the Lords and Commons, the Defence Secretary is determined to go ahead with the sale.

And there was more alarm yesterday after Labour was told that families at RAF Finningley, near Doncaster, had been given notices to quit their homes with the closure of the base.

David Clark, Labour's shadow defence secretary, said the £4.4m paid in fees "would have been better spent on forces' families than consultants".

But the chief of defence staff, Field Marshal Sir Peter Inge, said the political furore around the sale has obscured the real issues, and since alterations have been made, senior officers

are now happy that the assurances to be made to tenants are satisfactory.

The changes made to the Government's plan have concentrated on preserving the unity of the married quarter "patch" - the estates where the families live - and preventing the purchaser from selling sections unless strict requirements for providing alternative accommodation are met.

The "patch" is critically important to the services, in terms of lifestyle and also operationally. One of the officers said: "Soldiers go away to war. They leave behind nervous families. They can support each other in a way they couldn't if they were split up around the country."

Air Marshal Peter Squire, the MOD's deputy chief of staff for programmes and personnel, said the purchaser will immediately gain the freehold of the 2,500 homes which are currently surplus. The MOD will retain freehold of the rest of the estate, but will lease it to the purchaser for 999 years.

In the meantime, any sites which become surplus will be handed over to the lessee.

Of the £1.6m sale, the MOD will get £100m, which will be used to improve the quality of houses. Air Marshal Squire said service families will benefit as a direct result of the scheme.

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DAEWOO

Blair's image: Political opponents and satirists alike have found the Labour leader an awkward target to hit

Tories turn fire on gurus of the left

COLIN BROWN
Chief Political Correspondent

Having attacked Tony Blair's wife, and his cardigan, Conservative critics are now targeting the Labour leader's mind.

The Conservative assault on the Labour leader will be intensified next week with a sustained attack on Blair's "gurus" by David Willetts, a Government minister and former head of the Centre for Policy Studies, a right-wing think tank.

Cherie Booth was targeted by the party chairman, Brian Mawhinney, the cardigan Tony Blair wore in his Islington garden for the photograph on the front page of the *Independent* drew criticism. Mr Willetts now plans to take apart the philosophy underpinning "Blairism".

One of his main targets will be Peter Mandelson, the style guru behind Labour's new image, who also happens to be his Labour Shadow, as the spokesman on public service.

Mr Willetts, a former member of Baroness Thatcher's Downing Street policy unit, has named the political commentators he believes have changed attitudes which could help Tony Blair to win the battle of ideas at the next general election.

His 26,000-word pamphlet, to be published on Monday through the Conservative Political Centre, questions the acceptance of Blairite thought.

The Tory MP for Havant has told friends that he intends to challenge the eight "gurus" who have "created an environment in which Blairism can flourish".

The seriousness with which the Conservatives are treating the new climate for a Blairite Labour Party will be seen by

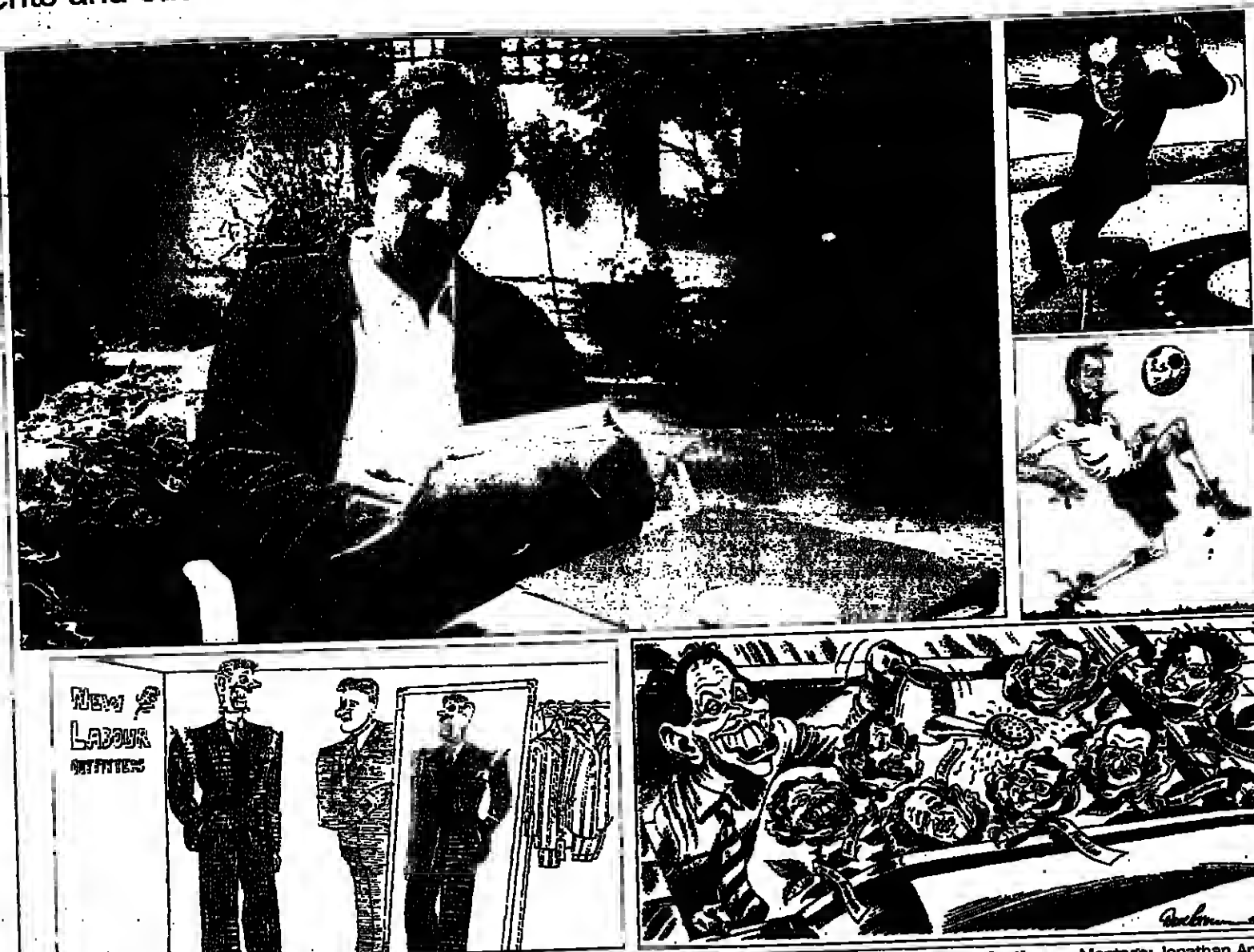
Labour as an admission of their failure to maintain the intellectual high ground since the demise of radical Thatcherism.

In addition to Mr Mandelson's work with Roger Liddle, *The Blair Revolution*, Mr Willetts's targets are: Will Hutton, author of *The State We're In*; John Gray, author of the Demos pamphlet *After Social Democracy*; Simon Jenkins, former editor of the *Times*, author of *Accountable to None - the Tory Nationalisation of Britain*; John Kay, an economist at the London Business School, who wrote *Foundations of Corporate Success*; David Marquand, former leading light of the SDP and author of *The Unprincipled Society*, a critique of Thatcherite individualism; Frank Field, Labour MP and an advocate of reform of the welfare state; and the editor of the *Independent*, Andrew Marr (over his book, *Ruling Britannia*, in which he describes the failure of British democratic institutions).

Mr Kay is targeted by Mr Willetts as the "father" of the theory of the stakeholder economy. It was after he had explained his philosophy in a private meeting that the Labour leader made his Singapore speech embracing stakeholding.

But Mr Kay's colleagues had doubts about the influence of the gurus on Mr Blair's policies. "He has picked up a few of their buzzwords, but whether Kay has influenced Blair's thinking is unclear... [and] Blair has not adopted everything that Hutton is saying. Hutton says the whole fabric of society, the role of the City, industry and the constitution... needs revolutionary change. You never hear Tony Blair talking about revolution."

Donald MacIntyre, page 20



Cardi saga: Cartoonists have made the most of his style lapses, but Blair is deliberately keeping his image indistinctive. Montage: Jonathan Anstey

Satire and the great cardy challenge

REBECCA FOWLER

After the cardigan came the smile, then there were the sticky-out ears, and, of course, Cherie. Tony Blair has become the satirists' nightmare, as they struggled to find any defining traits from the Labour leader's bland appearance, flawless family life and "estate agent" personality.

But the best is yet to come, according to cartoonists, impersonators and comedians across Britain, who believe that if Mr Blair takes a single wrong step, he will be the next to be laughed at.

Downing Street, which the next day will be the most sensitive about being teased, has dodged their

John Moloney, the comedian, said: "If Tony Blair was a place, he'd be Milton Keynes. His image has been so protected by the machine behind him, it's almost Stalinist. There's a sense if you take the piss, you're airbrushed out of the picture."

He added: "The schoolboy image, with MPs as the prefects, is the most appropriate. He's the boy who would have read *Lord of the Flies*, written his name in Celtic runes on his exercise book and knew all the words to the hymns. He's also that mild-mannered, soft-metal, punk-passed-by-kind-of-bloke."

Mr Blair, more than any other politician, is sensitive about being teased, has dodged their

sharp stabs by keeping his appearance indistinctive, and refusing to allow distinguishing habits or style choices to take root. Most notably, when his cardigan-man image began to stick, Blair's cardy disappeared. It followed the saga of John Major's underpants, when it was alleged the Prime Minister tucked his shirt into them, and a similar design trait was sought for Blair.

Chris Priestley, an illustrator and cartoonist for the *Economist* and the *Independent*, said: "The cardigan was about coming back with something as naïf as John Major's underpants. But Blair is such an estate-agent figure, it won't be until he gets into

power that we'll really get a hold on him."

He added: "He is determined not to give us anything hard to push against, so we've gone overboard on what there is. He's got no more sticky-out ears than me, but you'd think he was an elephant, and the grin has turned into Jack Nicholson in *The Shining*."

There have been breakthroughs, however. Blair has posed one of the most bewildering challenges to impersonators, who enjoyed a golden era in the 1970s, led by Mike Yarwood who became almost indistinguishable from Harold Wilson, the Labour Prime Minister.

After struggling to capture Blair's physical appearance, Rory Bremner turned instead to the Labour leader's style of speaking in clipped, catchphrase terms - "New Labour", "Young Labour". His parody of Blair's speech has paved the way for the less amusing 'Tory imitation'.

Clive Anderson, the interviewer, is among those who believe Blair will only lend himself properly to satire when he takes up power. He said: "Maybe we'll all be looking back on Blair the Prime Minister as quite a colourful figure years down the line. Once he's gone, there will probably be someone even blander."

'Save and invest, not tax and spend'

MICHAEL HARRISON
AND JOHN RENTOUL

Tony Blair yesterday gave the most explicit pledge yet that a future Labour government would control public spending tightly and avoid penal rates of taxation.

On the eve of publication of the party's *Road to the Manifesto* programme, he promised that Labour's policy in power would be "save and invest, not tax and spend".

Addressing business leaders at the annual British Chambers of Commerce conference in Birmingham, Mr Blair said: "We will make it clear tomorrow that there can be no question of a short term dash for growth. We want sustainable, non-inflationary growth and we will set and hold to an explicit low target for inflation."

The Labour leader also pledged that there would be no return to the "penal" tax rates of the 1970s. "Indeed, we must have a tax system that is internationally competitive and fair and which encourages savings, investment, work and opportunity."

In a show of hands after his speech, the 300 business leaders voted by a ratio of 20 to 1 that Mr Blair would be the next prime minister.

At the heart of Labour's programme in government would be reform of the welfare system, Mr Blair said. The aim would be to reduce the proportion of public spending on the benefits bill and on education.

He sought again to reassure business worries about the costs of signing the European Social Chapter. He said a Labour Government "will insist that any new measure adopted under the Social Chapter promotes fairness, not inflexibility".

Earlier, Mr Blair was attacked by John McAllion, who resigned last week over the Labour leader's U-turn on referendums, on Scottish and Welsh devolution. Mr McAllion broadened his criticism of Mr Blair, complaining that the manifesto would not commit a Labour Government to raise the state pension.



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Captives in Kashmir: Terry Waite and John McCarthy join families' call for separatist rebels to release Western travellers

'Get rid of the problem, let the hostages go'

LOUISE JURY

The first anniversary of the capture of Western hostages by Kashmiri rebels passes today, with an appeal from the former Lebanese hostage Terry Waite for their release.

Mr Waite joined relatives of the captives in broadcasting messages of love and support to the four men, including the Britons Keith Mangan and Paul Wells, whose whereabouts remain unknown.

Speaking on the BBC World Service yesterday, Mr Waite, formerly the Archbishop of Canterbury's special envoy, said nothing could be gained by keeping the men.

"Get rid of the problem and let the men go," he said in an interview with a fellow former Beirut hostage, John McCarthy, who now presents the programme *Outlook*, which sustained the two men through their own captivity.

"I am convinced that there are enough people in the world including myself who are prepared to take a fresh look at the problems facing people in that region but no one can do anything while hostages are still held."

Mr Mangan, 34, an electrician, from Eton, near Middlesbrough, his wife, Julie, Mr Wells, 25, a photography student from Blackburn, Lancashire,

and his girlfriend, Catherine Moseley, were seized at gunpoint about 60 miles east of the Kashmiri capital, Srinagar, last year.

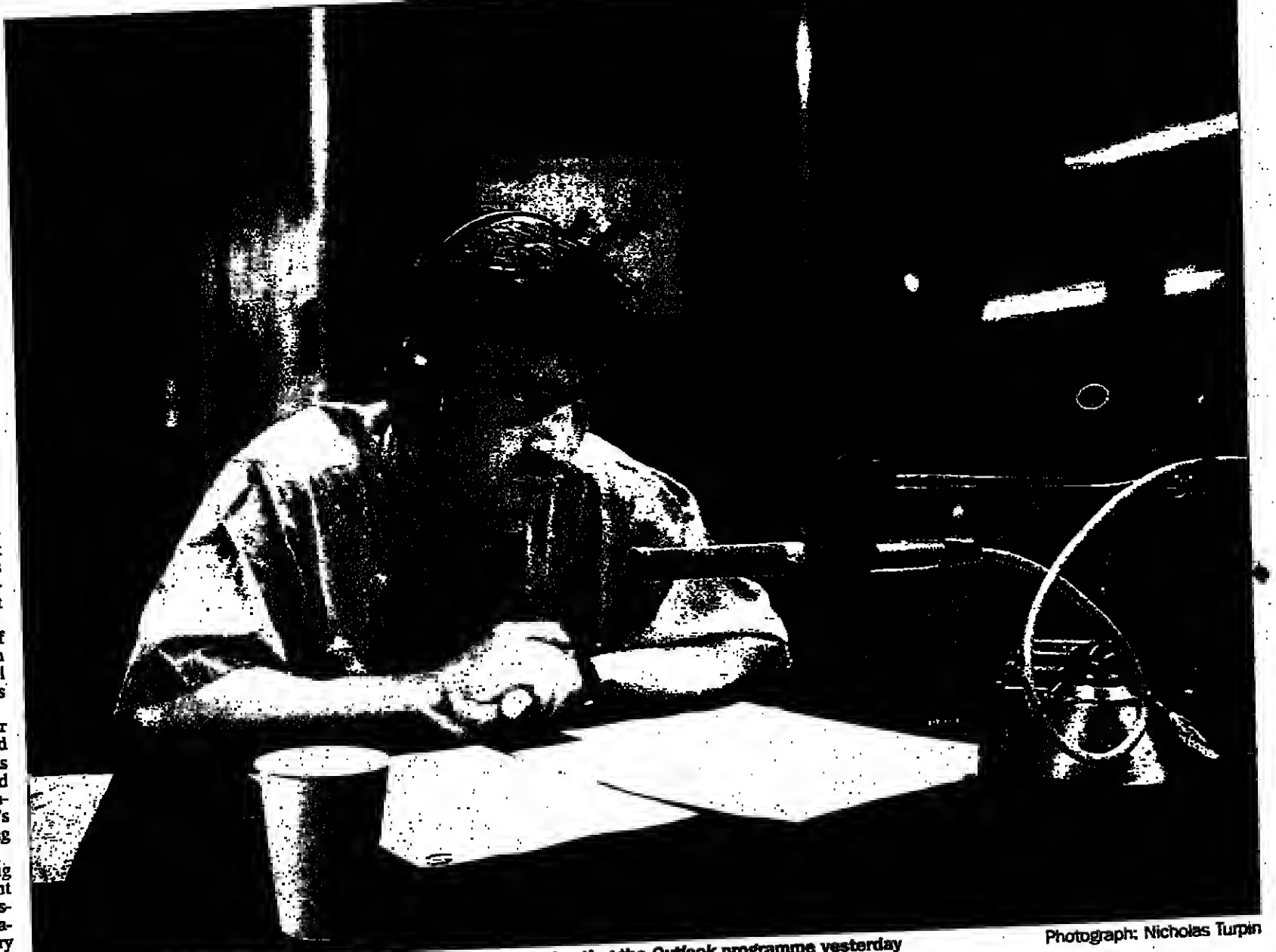
Mr Mangan and Miss Moseley were later released, but the British men were detained along with an American, Donald Shelley, a German, Dirk Haert, and a Norwegian, Hans Ostroe, by the previously unknown Al-Faraz separatist group.

It demanded the release of Kashmiri militants from Indian jails and threatened to kill hostages unless their demands were met. They were not.

On 13 August last year, Mr Ostroe was found beheaded with "Al-Faraz" carved on his body. His despair was marked in a note found hidden in his underwear: "I'm dying. There's nothing to eat. There's nothing to live for."

News of the remaining hostages has remained scant with the British High Commission in Delhi working on the basis that "the hostages are very much alive" although a captured militant said they were killed on 13 December last year.

Julie Mangan yesterday recalled how she did not even have a chance to say goodbye when she was released. "He couldn't find his coat. I bent down to give him mine and when I looked up he was walking away."



Voice of experience: The former Beirut hostage John McCarthy hosting the *Outlook* programme yesterday

Photograph: Nicholas Turpin



Captives: (from left) Dirk Haert, Donald Hutchings, Keith Mangan, Paul Wells and Hans Christian Ostroe in Kashmir

In a message she hoped her husband might hear, she said: "I know that we are in each other's hearts and to say I love you is inadequate. I know, Keith, that you are willing me to stay strong and you must do the same."

Sarah Wells, the sister of the hostage Paul, said: "He'll be finding it hard but he'll cope because he's a strong person." However, the health of the hostages is expected to be poor because of the cold, poor diet, unhygienic conditions and the

mental strain of the ordeal. A Foreign Office spokesman said as much as possible was being done although there has been no direct contact with Al-Faraz since last year. "There have been a lot of unconfirmed sightings and some

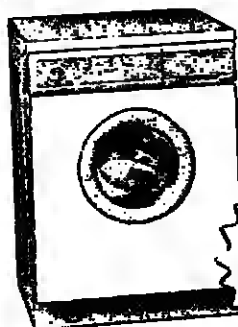
reports to the effect that the hostages are dead. "But we are still working on the assumption they're alive. We have a lot of experts there on the ground."

Terry Waite and John McCarthy both heard messages from friends and family similar to those broadcast yesterday when they were held hostage in Lebanon. Today is also the 30th anniversary of the *Outlook* programme. It can be heard in the Kashmir region.

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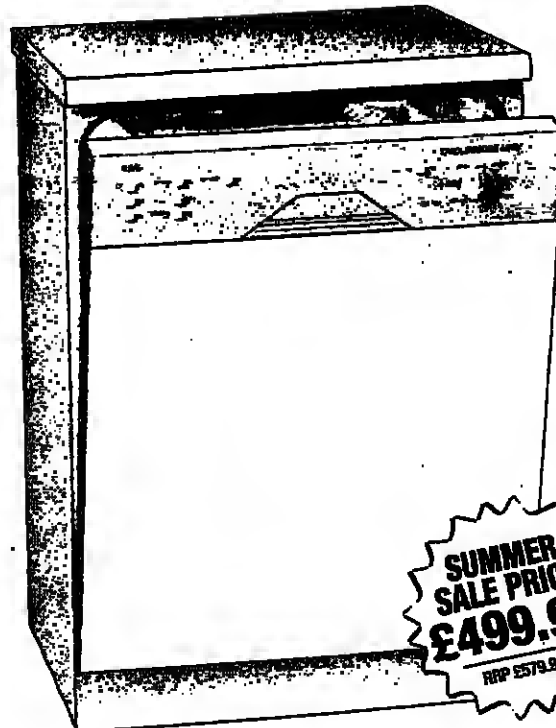
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PCA backs police station cameras

JASON BENNETTO
Crime Correspondent

The Police Complaints Authority yesterday called for closed-circuit television cameras to be installed in the custody areas of all police stations to help resolve complaints against officers.

The authority, which published its annual report yesterday, said the use of CCTV may lower the number of deaths in custody, of which there were 46 last year. The PCA said CCTV could remove the need for long, costly investigations by providing conclusive evidence.

A growing number of forces are already using CCTV in stations. In Staffordshire it is fitted in all custody suites, while in London a pilot project is running.

The PCA's acting chairman, Peter Moorhouse, said: "CCTV in custody suites is becoming a

must for two reasons. It's a must for the protection of the detained person. And if a police force has a businesslike approach it's a must because it reduces tactical and malicious complaints, and if there are complaints it cuts down the cost of investigating, because much of the evidence will be on video and becomes indisputable."

The PCA said investigations into complaints against Britain's 20,000 voluntary constables, or Specials, should be overseen by the authority rather than the police themselves.

The report also expressed concerns about the presence of cameras and journalists at high-profile raids and reporters obtaining tip-offs about the arrests of celebrities.

It disclosed that the PCA reviewed 4,154 cases during 1994-95, as a result of which 253 formal disciplinary charges were preferred against officers.

DAILY POEM

A Serious Poem

By Roger McGough

*This is a serious poem
It wears a serious face
It does not fritter away the word.
It knows its place*

*Perfectly balanced
Neither too long or too short
It gazes solemnly heavenwards
Like a real poem ought*

*Familiar with the classics
It drops names with ease
Here comes Plato with Lydices
And look, there's Demosthenes!*

*Poetry at its best
And British through and through
A web site for sore eyes
That serves to welcome you.*

*A poem often ends with two lines
that rhyme. But not always.*

Roger McGough's poem went live on the World Wide Web yesterday when the British Council launched its web site for the promotion of arts, language, science and technology (<http://www.britcoun.org>). Missing - perforce - is McGough's hypnotic and deadpan delivery which makes him such an outstanding poet in performance. The Liverpool Poets - McGough, Adrian Henri and Brian Patten - have recently re-formed, a year ahead of their 30th anniversary, and are around and about with Willy Russell.

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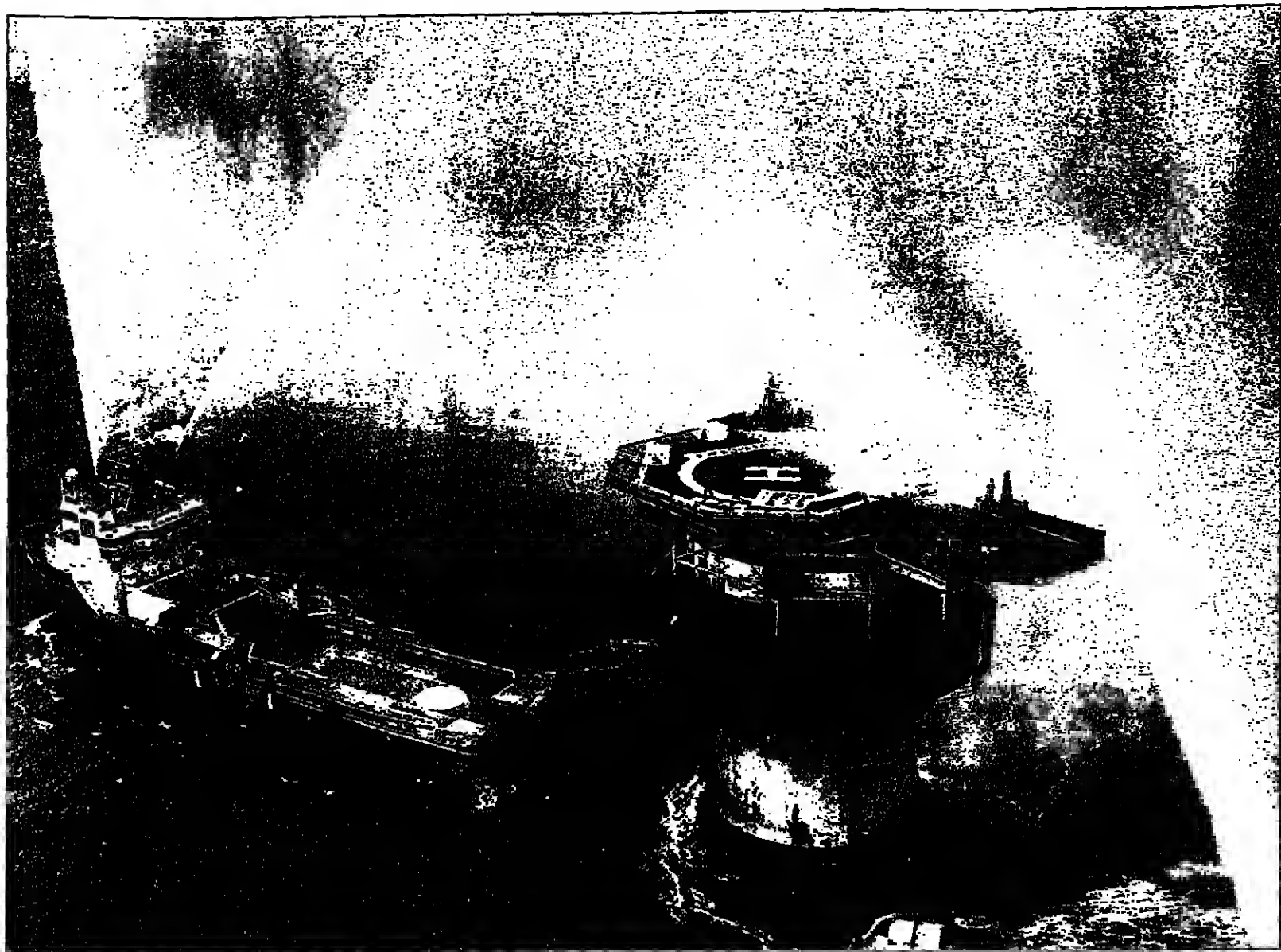
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Predicament for Shell: Leading contractors tender proposals for safely decommissioning controversial oil storage tank



Making waves: Greenpeace protesters braved the water cannon last year to stop Shell sinking the Brent Spar oil storage buoy. Photograph: Greenpeace

Break-up threat to Brent Spar's final voyage

NICHOLAS SCHOON
Environment Correspondent

Shell has run into a new problem as it tries to work out an acceptable way of disposing of its giant Brent Spar oil storage buoy.

A study on the 14,500-tonne structure by the engineering consultants WS Atkins has shown that the Spar would buckle and break if the cheapest and easiest technique to bring it on shore was used.

Ever since a successful Greenpeace campaign halted Shell's attempts to sink the Spar in the north-east Atlantic just over a year ago, the giant oil company has been working on different disposal options, which include bringing it ashore and breaking it up for scrap.

In the meantime the structure, essentially a vast cylindrical, crude-oil storage tank over 400ft tall, has been anchored in a deep Norwegian fjord.

Shell had been considering simply reversing the method it

used to put the Spar into use in its Brent field, half-way between Shetland and Norway, back in the early 1970s.

This involved gradually letting sea water into its storage tanks in a controlled sequence, which turned it from floating on its side with a shallow draught (once it had been taken out of dry dock where it was built) into floating on its end.

The new study, which used advanced computer techniques not available when the Spar was designed, has shown that the Spar would almost certainly rupture its one-inch thick walls if this sequence was reversed. So if it is to be brought ashore, another method will have to be found.

At a press conference yesterday, Shell UK said that 21 leading contractors from eight different nations had now received firm invitations to set out their options for disposal of the Brent Spar.

They will have to offer the best combination of minimising environmental damage, risks to disposal workers' health and safety and costs.

Eric Faulds, Shell's decommissioning manager, said the 21 contractors had not yet told Shell what they had in mind, but they had been selected on the basis of their reputation, previous experience and financial viability.

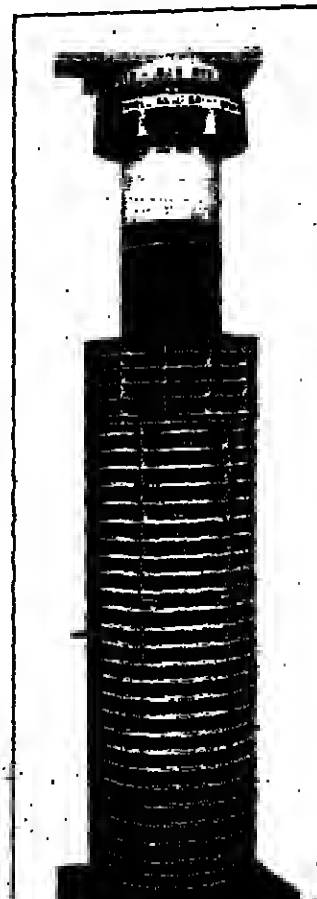
"When we get down to a shortlist of half a dozen schemes we want a spread of options," he said. "We don't want them all to involve bringing it ashore and breaking it up."

"I would hope we would get some fairly imaginative proposals which involve re-use of a large part of the structure intact, for example in a breakwater or a harbour."

He said that Shell had not ruled out the deep-sea disposal option which attracted such controversy a year ago, because that might yet prove to be the best practical environmental choice. "The world is a different place now, however, and we've had so many ideas and so much interest that I'm still reasonably optimistic we can find a better alternative."

Whatever disposal option Shell eventually decides on will have to be approved by the Government.

Heinz Rothermund, Shell's exploration and production managing director, promised more dialogue with pressure groups and the public in



The future? The Spar as a hotel? Photograph: David Rose

selecting an option. "We have acknowledged that we originally set out to dispose of the Spar without explaining what we were doing early enough or widely enough," Shell has placed a Brent Spar site on the Internet.

The Spar, although emptied after 20 years of use, still contains several dozen tonnes of oily sludge, much smaller quantities of toxic metals and some mildly radioactive salts which have built up on its pipework and tank linings. There is a scientific consensus that these would pose only an extremely small threat if the structure was dumped at a depth of 7,000 feet in the Atlantic, as was originally planned.

One of the many ideas sent into Shell over the past year has been to use the Spar as a fish ranch in a Norwegian fjord. Proposed by a businessman in the fish-farming equipment business, this would involve feeding fish guts and offal from fish farms to crabs, lobsters and fish, which would congregate in huge numbers around the sunken structure.

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RUSSIAN ELECTIONS

Voices from the cities: Fears for Yeltsin's health, worries over rise of Lebed and boredom with polls erode President's support

Weary voters bring no cheer to reform camp

PHIL REEVES
St Petersburg

Boris Yeltsin, struggling anew with serious health problems, would have taken no cheer from the sight of his voters trudging to the polls in St Petersburg, one of his main strongholds. Many of those who braved a rain-soaked day looked as if they were being forced to take a dip in one of the chilly-looking nearby canals.

This elegant city, home to much of Russia's liberal intelligentsia, finally seems to be sick of politics. "People have had it up to here," said Yevgeny Galanov, an election official, as he watched people trickle slowly into his polling station.

It's hardly surprising. In the last seven months St Petersburg has gone to the polls five times — once for a parliamentary election, twice for the presidential contest and twice to determine a particularly cynical tussle for the city governor's job.

A communal weariness, underscored by other issues, such as organised crime, a sluggish economy and liberal outrage over Mr Yeltsin's handling of the Chechen war, was reflected in the turn-out last month. Only 62 per cent took part in the first round of the presidential election, 8 per cent less than the national average.

But if Mr Yeltsin's advisers believed that non-voters would finally rally round the President in yesterday's run-off, they may have been mistaken.

This is not because of a lack of effort by the Yeltsin campaign, even though it fizzled out badly towards the end. Although Mr Yeltsin secured a big victory here, almost 50 per cent in the first round, his advisers know well that a low turn-out is ominous: Communist voters tend always to vote, while Mr Yeltsin's support is far less predictable. They also know that St Petersburg is a bastion of Grigory Yavlinsky, the liberal

economist who grudgingly backs Mr Yeltsin. For the President to be sure of victory, many of these voters needed to be won over.

Hence, the thousands of copies of a free paper called "Vote!" that have circulated in the city's metro system, carrying appeals from celebrated local writers and artists; the city's decision to arrange for graffiti to be painted on walkways, bearing colourful warnings to the city to "Vote or Lose"; and the free travel on the city's public transport system throughout yesterday's national holiday.

Most voters knew something was amiss with Mr Yeltsin's health, although it was heavily played down by much of the media, which only made occasional references to his "sore throat", and latterly, his "cold". Years of Communist censorship have taught Russians to read between the lines. Like others, Vladimir Korobkov, a dancer



Secret ballot: Soldiers check a woman's bag at a polling station in Grozny, Chechnya

Photograph: Vladimir Svatzench/Reuters

with the Maly Theatre, had reservations about Mr Yeltsin and has watched with alarm the rise of retired general Alexander Lebed. "The man's a dictator," he said.

Alexander Kulakov, a driver, voted for the general in June, but yesterday decided not to turn out. "I thought I was voting for a military man, not a would-be president. I don't like

all the power he is getting," he said. "It's not democratic". In the first round, Dmitry Maksimov, an engineer at St Petersburg's giant Kirov factory, voted for Mr Yeltsin, believing

he would win overwhelmingly. Yesterday he supported Gennady Zyuganov, the Communist. "I would have voted for Boris Nikolayevich if it had not been for all those silly anti-

Communist movies on television," he explained. "I don't reject my past. They showed an old lady in a campaign advertisement, saying 'I live well now, when I know she does not'."

Brazilian soap keeps public from dachaland

HELEN WOMACK
Moscow

Foreign journalists waited for two hours yesterday to watch Boris Yeltsin vote in Moscow, only to be told that he had cast his ballot beyond the glare of publicity in a village outside the city. Many quickly jumped to the worst conclusions about the health of the president, who had already aroused suspicions by dropping from view in the last days of the election campaign.

Many Russians were unaware that the Kremlin leader had failed to turn up at his usual polling station near his home in the prestigious suburb of Krylatskoye, and had voted instead

"It's not good news, of course," said Mikhail Vasin, a young businessman, "but I have voted for Yeltsin anyway. I think he will be okay. He's a healthy bloke, a sportsman. So what if he drinks? We all drink, don't we? And even if he has to retire, it won't be the end of the world. He has a good team around him. But Zyuganov — if he wins, that will be the end of the world."

Olga Grigorievna, a doctor, was equally calm after voting for the incumbent president. "We're all people. We can all get colds," she said, showing more faith in the official explanation of Mr Yeltsin's absence than most foreign observers here.

One might have thought that Russians, who lived through the last days of Leonard Brezhnev, when the Kremlin made ridiculous claims that the dying leader had only minor ailments, would have been more inclined to question what they were told. Perhaps strong Yeltsin supporters just did not want to contemplate the worst. For Communists, of course, news that Mr Yeltsin was not well only strengthened their determination to vote for Mr Zyuganov, who last week was ostentatiously dancing and playing volleyball to prove he was in good health.

"I have known Yeltsin since he was in Sverdlovsk [as regional Communist leader in the Soviet era] and I can tell you that his drink problem goes back that far," said Vasily Parfyonov, a retired journalist and Zyuganov voter. "He may be trying to fight his weakness but the passion for alcohol is not curable. Russia needs a healthy leader."

If the president is forced to retire because of ill health, the constitution says the prime minister should take over pending fresh elections. But General Alexander Lebed's appointment as Mr Yeltsin's national security adviser has added a new factor. He has said he favours the revival of the post of vice-president, and clearly aspires to the top Kremlin job for himself.

Yesterday, Yeltsin voters understood that they were choosing a package which included General Lebed, a nationalist and advocate of strict law and order. Some found the situation reassuring; others did not. "The fact that Lebed is at his side gives me more confidence to vote for Yeltsin," said Valya Zosikova, who spent last year in Cambridge. "Lebed will see that everything is all right."

But Kostya Fadeyev, a student of computer studies, disagreed. "I'm voting for Yeltsin, not Lebed," he said. "I don't want to see Lebed coming in through the back door. He added, however, that he did not think this likely. "Lebed will be out in six months. He's a soldier. He's too straight to survive for long in the Kremlin."



Gen Alexander Lebed: Kremlin ambitions

at Barvikha where he convalesced last year after his two heart attacks. Those who knew took the news in their stride. It was not going to influence voting decisions that they had made weeks if not months ago. "I have voted for a person whom I do not greatly respect but who will take us forward into the future," said Larissa Sergeyevna, in her late forties, who did not want to reveal the secret of her vote but was nevertheless implying that she had chosen Mr Yeltsin. Did she know that he was apparently ill? "Ah, that's nothing," she said. "We have got used to him disappearing from time to time. He'll be back."

She was one of only a trickle of voters at the polling station on Dostoyevsky Street in central Moscow yesterday morning. To discourage city dwellers from taking advantage of the warm weather and travelling out to their dachas instead of voting, state television was showing a triple episode of a popular Brazilian soap opera, *Tropicana*. Many people were evidently glued to their sets.

But voting seemed to pick up after lunch. At 2pm there was a livelier flow of people coming from polling station No 2148 in the Akademicheskaya district of the city, and most of them said they had voted for Mr Yeltsin rather than Gennady Zyuganov, the Communist leader, despite whatever health problems he might have.

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RUSSIAN ELECTIONS

Yeltsin's death may spark succession crisis

Moscow — Boris Yeltsin's poor health, the focal point of interest for foreigners if not for Russians in yesterday's presidential election, raises questions as to whether the transfer of power will take place smoothly.

On paper, the picture is clear. The Russian constitution, adopted in December 1993, states that in the event of the President's death, or incapacity to fulfil his duties, his job passes temporarily to the Prime Minister, Viktor Chernomyrdin. The Prime Minister is then obliged to call fresh presidential elections within three months.

In practice, there is no certainty that Russia would easily surmount the upheaval provoked by Mr Yeltsin's premature departure from office. The constitutional mechanisms that are in place have never been tested and may count for little against a centuries-old tradition of power struggles, often violent, that have accompanied the demise of a tsar or party chief.

Moreover, whereas the constitution is considered almost sacred by the political classes in a country such as the United States, there is no such devotion in Russia to a document that is widely seen as having been tailor-made for Mr Yeltsin. He drew up the constitution in the aftermath of the armed upris-

A transfer of power is unlikely to be a peaceful, orderly process, writes Tony Barber

ing in the Russian parliament building in October 1993. The extraordinary range of powers that it granted him at the expense of the legislature was designed to ensure that no one could mount a serious threat to his rule again.

The fragility of Russia's constitutional order was exposed shortly after the first round of the presidential election, on 16 June, when a cabal of hawks including the Defence Minister, the head of the former KGB and Mr Yeltsin's personal security chief were at odds over the possibility of trying to force the postponement of the election. Less than a month before the drama, Mr Yeltsin had raised doubts about his willingness to abide by constitutional procedures when he rejected a law passed by the Communist-dominated parliament that set out the process by which he would hand over power.



Zyuganov: Bid for power at polls could be thwarted

er should he lose the election. Many Russian political commentators believe that, despite insisting that the election should take place, Mr Yeltsin never intended to make a graceful exit from office if defeat loomed as a realistic prospect. Moscow has buzzed with rumours of a so-called "Plan B", according to which Mr Yeltsin would have declared a national emergency and stayed in power rather than vacate the Kremlin for Gennady Zyuganov, his Communist challenger.

Inevitably, the impression that the constitution is just a piece of paper to be altered, ignored or scrapped at will has fed through into the attitudes of many prominent Russian politicians. For no one is this more true than Alexander Lebed, the outspoken former general whom Mr Yeltsin put in charge of national security, after Mr Lebed finished third in the election's first round.

Despite his lack of a genuine power base in Mr Yeltsin's obscure Kremlin power structures, Mr Lebed has not disguised his ambition to rule Russia as soon as possible.

He proposed last week that he should be given the post of vice-president, a job which was abolished in 1993 after its then incumbent, Alexander Rutskoi, took part in the armed revolt at the White House. Mr Lebed clearly sees himself as the heir-apparent, constitution or no constitution.

Other influential figures in Mr Yeltsin's entourage are likely to take a different view, especially since Mr Lebed has revealed in the past two weeks that his opinions are much more illiberal than he indicated during his election campaign.

Those who might resist a Lebed bid for power include not only reformists, such as Anatoly Chubais, one of Mr Yeltsin's top campaign strategists, but more centrist politicians with a taste for power and patronage, such as Mr Chernomyrdin.

Last July, when President Yeltsin suffered the first of his two heart attacks in 1995, Mr Lebed was a marginal political figure and Mr Chernomyrdin was the only plausible president-in-waiting. Now Mr Lebed holds centre stage.

If Mr Yeltsin's health continues to decline it is difficult to see how Russia can avoid yet another of its periodic clashes for power in the Kremlin.



Knife-edge vote: Moscow State Circus players casting their ballots on tour in Watford

Photograph: Brian Harris

US nerves shaken by climate of uncertainty

Events have forced a White House rethink, writes Rupert Cornwell

Even if Boris Yeltsin should prevail in yesterday's run-off vote, his manifestly poor health, a gathering economic crisis and the sudden ascent of professed "semi-democrat" Alexander Lebed have left US policymakers under few illusions that dealings with Russia will be trickier than "war in the second term" - should he manage to complete one.

Barely a fortnight ago, the mood here was vastly more assured. Certainly the President led his Communist opponent Gennady Zyuganov by just three points, but the speed with which he co-opted Mr Lebed and evicted several hardliners from the Kremlin inner circle convinced the Clinton administration that the candidate which it had supported from the outset had wrapped matters up and Russia's "democratic" future was assured.

Since then however, that rosy scenario has unravelled. Mr Lebed has put an authoritarian and anti-Semitic streak on ugly display, and the White House has had to watch in embarrassed silence as Mr Yeltsin disappeared for days on end with what was, officially, "a cold".

Visually, the recent authorised images of a slow, stiff-spoken Boris Yeltsin are reminiscent of nothing so much as the Soviet Union of the early 1980s, when a procession of geriatric leaders - Brezhnev, Andropov, Chernenko - made brief, minutely choreographed appearances that raised more questions than they answered. But, however flawed and secretive, the Soviet system was at least broadly predictable. Not so the erratic and capricious Yeltsin regime.

Even a fit Mr Yeltsin would face mountainous economic problems. His campaign handouts have driven the budget deficit far beyond the targets laid down by the IMF as condition of this spring's \$10bn loan, pushed through largely at US insistence. At the least, economists warn, the consequence will be a new surge in inflation: at worst, a full-blown financial crisis that will scare off Western investment and reinforce anti-market, authoritarian attitudes in the country.

As it is, his health seems more fragile than ever, creating uncertainty over where day-to-day power lies and (assuming he wins) offering still more leeway for Mr Lebed, a figure viewed with growing nervousness and distaste by the US.

One consolation for US policymakers is Mr Lebed's opposition to the Chechen war, and his readiness to make real concessions to obtain a genuine end to the fighting. But they doubt even a law-and-order hawk like Mr Lebed can control crime and break the power of the Mafia groups who have thrived under Mr Yeltsin.

Mr Lebed is seen as a *de facto* Vice-President, whose ambition for the top job makes it more than likely the two men, both domineering and instinctively authoritarian, will clash. The Lebed/Yeltsin tandem, in other words, is a recipe for instability.

That likelihood, added to growing nationalism and xenophobia across the political spectrum, can only dim prospects for final ratification of arms control treaties. Washington may also find itself under great pressure to press ahead with Nato enlargement far more quickly than it would like.

It was not clear whether General Lebed, who has a deadpan manner, was joking, but he quickly backed down. "I take my words back... I seriously take back my words," said the general, who had just emerged from voting in Russia's presidential election run-off.

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The 'spy' who made a general eat his words

Moscow (Reuters) — General Alexander Lebed, who has won a reputation for controversial remarks during his short spell in the political limelight, got himself into deep water yesterday when he accused a Spanish journalist of being a spy.

Mr Yeltsin's new security supremo was forced to take back his words to appease the indignant reporter, who had asked him to explain how he would carry out a plan to stop Russian officials buying villas in Spain with embezzled cash.

"We'll work something out. Why should I pass all my secrets over into the hands of a spy?" said General Lebed.

"What spy?" she asked, taken aback.

"You — a Spanish spy," said the general.

"I am not a spy. I'm a journalist. Please take back your words," she said.

It was not clear whether General Lebed, who has a deadpan manner, was joking, but he quickly backed down.

"I take my words back... I seriously take back my words," said the general, who had just emerged from voting in Russia's presidential election run-off.

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West Bank jobless eke out living from trash

PATRICK COCKBURN
Jerusalem

Jawad held up a pair of worn plimsolls to show he was having a good day. He had found them in the heaps of rotting rubbish at Azzariya, the main garbage dump for Jerusalem where hundreds of unemployed Palestinians have gathered every day since Israel sealed off the West Bank.

"There used to be just 10 or 20 people who came here," says Adel, 19, dressed in a dirty T-shirt. "Now there are between 500 and a thousand people who come because they have no money to buy food for their children." As each garbage truck disgorged its load, people surged forward in search of food, clothing and scrap metal.

Most of the Palestinians who claw through the rubbish at Azzariya used to work in Israel.

Jawad, 19, says: "Before the closure [of the West Bank] I used to work in a supermarket in Tel

Aviv. Now I am here from five in the morning." At one time 174,000 Palestinians from Gaza and the West Bank were working in Israel, mainly in construction and agriculture.

Israel had sealed off the West Bank before, but after two suicide bombs exploded in Jerusalem and Ashkelon on 25 February the West Bank was isolated as never before. Israeli employers were threatened with heavy fines if they employed any West Bank Palestinians. Some 210,000 Rumanians, Thais and Turks have replaced Palestinians on Israeli construction sites.

The Azzariya dump is easy to find. You follow garbage trucks past the outskirts of Jerusalem through the village of Azzariya into an enormous sandy hollow. Even before they stop you are hit by the stench of the rubbish heaps. Beside a cliff face there was a huddle of donkeys waiting to take away anything of value. As each truck stops people rush to grab the choicest items.



On the scrapheap: Palestinians scavenging for a living risk death and injury

A Palestinian manager in charge of the dump, who did not want to give his name, said: "About 1,000 tons of rubbish come here everyday. It is dangerous for people to be standing in the middle of it. There is lots of broken glass and last year a ten-year-old child was crushed

to death by a truck." In half an hour our car was covered in a fine layer of dirt.

It is possible that the people of the Azzariya dump may soon see a small improvement in their lives.

Benjamin Netanyahu, the newly elected Israeli Prime

Minister, is expected to decide today if the closure will be eased. This might ultimately allow 50,000 to 60,000 Palestinian workers to enter Israel. But only workers over 25 will be given permits and most of the people at Azzariya are in their late teens or early twenties.

Not surprisingly nobody at the dump spoke about the Oslo accords. For them the years of the "peace process" have brought economic misery. In the last 12 months per capita income for Palestinians on the West Bank has fallen by 20 per cent. It is not difficult at

Azzariya, watching the young men squabble over a choice garbage bag, to understand why Hamas and Islamic Jihad find it easy to recruit suicide bombers.

Ibrahim, 15, looking pleased that he had found an uneaten roll with some lettuce in it, said

he did not think anything would get better. He said that the 14 members of his family were on the edge of starvation at the dump was their last resort.

Later in the afternoon was expecting his mother and father to join him in searching through the garbage.

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Hungary to give £19m in atonement for Holocaust

IMRE KARACS
Bonn

Hungary became the first country in Eastern Europe yesterday to atone for its part in the Final Solution by agreeing to compensate survivors of the Holocaust.

Nearly 60 years after the Paris Peace Treaty bound Budapest to offer compensation to victims of Nazism, the government pledged to set up a foundation with capital of 4bn forints (£19m).

"We are satisfied because, given the country's current economic plight, this settlement goes beyond a mere gesture," said Gusztav Zoltai, Director of the Association of Jewish Communities in Hungary. "It will also serve as an example for the other countries in the region which have yet to take similar steps."

Mr Zoltai's organisation will contribute to the fund by selling some of the Jewish property returned by the state under a previous law compensating religious groups. A further sum is to be provided by a branch of the World Jewish Organisation.

This accord brings several years of negotiations almost to their conclusion, said Mr Zoltai. "I say 'almost' because parliament must still approve the package in the autumn."

Passage of the bill in the legislature, where the governing coalition has an overwhelming majority, is virtually assured.

The Hungarian parliament had undertaken a similar commitment in 1946, but did not deliver on its promise: at first the country was bankrupt, then the Communists took over in 1949. Even though - or because - the Communists were led by Jews until 1956, the issue of compensation was swept under the carpet. Token payments from

Germany in the States were distributed - and in many cases misappropriated - by the Communist authorities.

After the fall of the old regime in 1989, the priorities shifted once again. The incoming conservatives were quick to return confiscated property to Christian churches, but Jews were kept waiting. In 1993, Holocaust survivors won a ruling from Hungary's Constitutional Court forcing the government to pay compensation, but still the authorities refused to reach into their pockets.

Their tight-fistedness coincided with an upsurge of creative historiography in government circles which attempted to absolve Hungary of responsibility for the murder of an estimated 600,000 Jews during the war. The deportations to concentration camps and summer executions of Jews began after the country was occupied by German troops in 1944, but the machinery of oppression was manned mainly by Hungarian fascists. There are estimated to be between 80,000 and 100,000 Jews still living in Hungary.

The compensation package, which the government and Jewish organisations stress is only "partial", is intended to help the most needy. It will supplement the pensions of Jews aged over 70, and descendants of Jews who perished in the death camps will be partially compensated for family properties lost during the war. The deal will, however, prevent Holocaust survivors from pressing their individual property claims with the government.

Schools, hospitals and Jewish charities also will be funded by the foundation, which will be headed by Ronald Lauder, a Hungarian Jew, and son of the cosmetics tycoon Estée Lauder.

Two sides claim victory in South African poll

Durban (AP) — The Zulu nationalist Inkatha Freedom Party won the most votes in last week's local government elections in KwaZulu-Natal province, according to nearly complete results.

The rival African National Congress (ANC) won control of the province's largest cities, including Durban. With 44 per cent of the more than 3 million registered voters casting ballots, Inkatha received 44.5 per cent of the vote compared to 33.2 per cent for the ANC.

Both sides claimed victory, with Inkatha saying it had proved itself the strongest party in KwaZulu-Natal while the ANC said it had won administrative control of the province's largest budgets.

In the nation's first all-race election in 1994, Inkatha won just over half the KwaZulu-Natal vote to gain control of the provincial government.

The local elections completed the transformation of South Africa to a democratic government. Most of the rest of the country held their local government voting last November, but political wrangling and violence twice delayed the KwaZulu-Natal elections.

Inkatha won 74 per cent of rural council seats compared to 21 per cent for the ANC, while the ANC won almost 33 per cent of urban council seats just under 19 per cent of Inkatha. In Durban, the ANC won half the city council seats while Inkatha gained just under 8 per cent.

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Colombia fears US strike on drug barons

PHIL DAVISON
Latin America Correspondent

Perhaps too many Colombians have read Tom Clancy's best-selling novel, *Clear and Present Danger*, or have seen the popular film version starring Harrison Ford. But the rumour sweeping Colombia this week was that American troops were planning a surgical strike against Colombia's drug lords.

In the novel, the Americans use a laser-guided air-to-ground missile and clandestine ground forces in an attempt to wipe out the cocaine barons. In the rumour, they use laser-guided weapons and troops on the ground, but do not try to kill the drug lords. Instead, they snatch the leaders of the Cali cartel from Colombian jails and whisk them back to the US for trial.

So strong was the rumour, partly fuelled by a new US anti-narcotics operation in the region — dubbed Operation Laser Strike — that security was stepped up at various prisons.

It began last week when the US Attorney-General, Janet Reno, requested the extradition of the three top Cali drug lords currently in jail, ignoring the fact that Colombia's 1991 constitution bars extradition. Colombian President Ernesto Samper's reply? "No way."

This week, the rift devel-

oped into a war of words after a memo from the US ambassador in Bogotá, Myles Frechette, was leaked to the *Washington Post*. In it, Mr Frechette suggested keeping Mr Samper "as invisible as possible" and revoking his US visa because of alleged past links with the Cali cartel. The visa of Colombia's ambassador to Mexico, Gustavo de Greiff, a former prosecutor-general, had already been revoked at the weekend as a result of similar suspicions.

Washington pointedly refrained from denying the veracity of the Frechette memo.

Mr Frechette had previously angered his hosts by saying he had been "tailed" by Colombian secret service agents and that embassy phones were bugged.

The Colombian foreign ministry responded angrily to Mr Frechette's memo on Tuesday, faxing a statement to news organisations around the world saying it was "profoundly concerned by the mutual crisis of confidence" with the US, which could "threaten Colombia's democratic stability".

Mr Samper was cleared last month by Congress, the only body which could try him for allegedly accepting millions of dollars of cocaine proceeds for his 1994 election campaign. But Congress is controlled by his ruling Liberal Party and a large

number of its members are themselves under investigation for allegedly taking cocaine proceeds. Polls show most Colombians believe Mr Samper should have been impeached.

Colombia's influential Roman Catholic church weighed in this week, questioning his innocence and describing the country as "morally sick".

Pedro Rubiano, Archbishop of Bogotá, became a focal point for criticism of Mr Samper earlier this year. He said the president's claim not to have known that millions of dollars were entering his campaign from the Cali cartel was "like saying an elephant walked through your living room and you never noticed."



Disaster zone: A policeman rescues victims in the flooded city of Guiyang in southern China. Torrential rains and raging floods have killed more than a hundred people, destroyed tens of thousands of homes and swamped huge areas of farmland. Photograph: Reuters

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donation and entry form, available from BP garages, Dillons, Dixons, John Menzies, WH Smith, Waterstone's, Mirror Group Newspapers or by telephoning 0891 252605.

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SIGNIFICANT SHORTS

The world's largest platinum producer, South Africa's Rustenburg Platinum Mines, has dismissed thousands of striking workers who defied a court order to return to work, a company official said yesterday.

The mine owners, Anglo American Platinum Corp Ltd (Amplats), said it had dismissed 3,600 workers yesterday after sacking 13,000 miners out of a total workforce of 28,000 on Monday. The mine, 90 miles north-west of Johannesburg, said it was losing 13.5 million rand (£1.9m) a day as a result of the strike which began on Thursday last week. *Reuters - Johannesburg*

The leader of eastern Germany's post-Communist is to be grilled by parliament about his alleged links with the Stasi. Gregor Gysi, the Bundestag leader of the Party of Democratic Socialism, is accused of maintaining links with the east German security service for 10 years up until 1989 while he worked as a lawyer defending dissidents. Mr Gysi's deputy, Christa Luft, is also under investigation, and both might have to give up their seats if the accusations are backed up by evidence. *Imre Karsai - Bonn*

A 57-year-old father sentenced to a life term six years ago in the first US court case to involve the use of "repressed memory" was to walk free yesterday. Prosecutors said they would not seek to retry George Franklin, found guilty of murder by a unanimous jury vote in 1990 after his adult daughter claimed to have suddenly remembered his killing of her childhood playmate 20 years before. A US judge overturned Mr Franklin's conviction last year, saying he had not had a fair trial and citing evidence that his daughter, Eileen Franklin-Lipster, 29, could have picked up details of her friend's death from newspaper cuttings. *Tim Connolly - Los Angeles*

An autopsy performed on Margaret Hemingway failed to answer lingering questions about why the model-turned-actress died alone in her beachside apartment. "The examination was unremarkable and did not reveal any indication of trauma or foul play," the coroner's office said in a statement on Tuesday. Toxicological tests were ordered and it will be at least two weeks before they are completed, the coroner's office said. *AP - Santa Monica*

Thirty-three people were still seriously ill in hospital yesterday after a Ukrainian train crash which killed 32 people on Tuesday. Altogether 121 people were hurt in the accident. President Leonid Kuchma declared yesterday a day of mourning as flags flew at half-mast in Kiev and other Ukrainian cities. *Reuters - Kiev*

India's federal police said they had charged three foreigners and an Indian with running a child prostitution ring through an orphanage in the seaside tourist haven of Goa. A spokesman said that between 1980 and 1991, the accused were alleged to have procured 27 boys from poor families and used the orphanage in the western state as a front for a prostitution ring. The police said charges were filed last week against an Indian doctor, an Australian, a New Zealander and a Swede. *Reuters - New Delhi*

China has executed 1,000 people in just the first two months of a crime crackdown and Amnesty International said Peking looked set to break its own record this year for carrying out the world's most executions. The human rights group urged China yesterday to halt the wave of what it called "state killing". *Reuters - Peking*

Two Japanese women who want to become men have been told the treatment they seek is medically legitimate, but can't be carried out because Japanese society is not ready for it. A medical ethics committee at Seitama Medical College, west of Tokyo, made national headlines by becoming the first such group to accept sex change as a legitimate medical treatment for people with a permanent desire to change their sex. *AP - Tokyo*

Finnish organisers of an annual Arctic challenge in bare-handed mosquito-killing said a lack of insects had forced them to cancel the event. "Hardly any of the necessary live games equipment [mosquitoes] has been found in the region," organisers of the World Championships in Mosquito Killing, staged in the Lapland village of Pelkosenniemi, said. A spokesman said a cold summer might be to blame. Up to 40 contestants have in the past stripped to the waist in a challenge to squash as many mosquitoes as possible in five minutes. *Reuters - Helsinki*

The Right Rev Ross Hook

Hook: chief of staff to Archbishop Runcie Photograph: Hulton Getty

Paul Magrath, Barrister

A weak slogan that reveals the admen's limits

One million pounds for four words? Surely not. But yes, that's how much the bright and brilliant down at Conservative Central Office have seen fit to spend on their new advertising slogan, "New Labour, New Dangers."

Given the enormity of the task facing the Conservatives, and the importance to them of turning around public opinion, it may seem like money well spent. (Though if they'd asked around Fleet Street, there are quite a few who would have thought up something similar on a wet afternoon for rather less than that.) But the Tories' bigger problem is the assumption that political problems can be sorted out by calling the ad-men - that a slogan can deal with a crisis of confidence.

"Labour isn't working," the Conservatives' slogan in 1979, was a breakthrough for Saatchi and Saatchi and one of the all-time memorable campaigns. "Labour's tax bombshell" had the country talking in 1992. But they were both based on strong perceptions generally present already - public distaste for the winter of discontent and serious unease about Labour's shadow budget. They were examples of a basic truth about advertising: that it can exaggerate and amplify something that is already there, but it cannot create a desire or demand out of nothing.

Which brings us to the new slogan. There are many things one could say

about New Labour in a partisan Tory spirit, which are at least debatable. A Conservative critic could say that it is bland, or pitiless, or lacking in intellectual self-confidence; that it is woolly, or a mimicry of Toryism; that New Labour has no central purpose; that some of its proposed reforms of the country are ill-thought-out and will come apart at the stitches. Whether or not one agreed with those criticisms, they are at least worth talking about. But of all the possible criticisms of Tony Blair, the idea that he is dangerous, a wild radical threat to our way of life, is among the least persuasive on offer. Quite why the Conservatives have chosen this line of attack is a mystery.

At any rate, here we are back talking about strategies. Activists and ideological purists wince at this obsessive interest among the metropolitan professionals in the flim of politics, rather than the meat. How often have we heard Labour traditionalists moaning about their party's reverence for opinion polls, focus groups and advertising gurus? Moral content, direction and good old policies are quickly drowned out in the search for a "message" to woo those crucial voters.

But all the political parties are actually doing with their focus groups and polls is listening to voters. If, having heard what voters are saying, they adapt their policies and their slogans accordingly, then democracy is not

damaged. Competition among car manufacturers generates new cars that better reflect drivers' demands and desires. If political parties adapt in the same way to win votes, the result should be a more responsive political framework in which the more voters get something they want.

Nor does this responsive approach necessarily create reactive political parties. As any good business leader knows, the real money pours in when you can anticipate, lead and define a new market. Margaret Thatcher did it. Tony Blair seems to be doing it too. There is no reason either why moral

values need be compromised along the way. Unlike cars or soap powders, political parties are value-laden products. They are selling a set of values to voters as well as a set of policies. And as voters are committing themselves to this particular product (a government) for up to five years, they have to be convinced that those values will be consistently pursued. In other words they need to be sure that the team (the MPs) who will be running the show genuinely believe in those values too. Changing party values at the flick of a pollster's pen doesn't fool anyone. Hence Labour's metamorphosis over

the last 10 years has been slow, steady going. In 1992, no matter what the then shadow chancellor, John Smith, said about fiscal prudence, voters were easily convinced that most Labour MPs still wanted to spend, spend, spend, and tax, tax, tax. Four years later, with not a spending commitment in sight, the message on fiscal prudence is far more plausible.

Tony Blair's greatest achievement in the last few years has been to use internal party debates such as that over Clause 4 to demonstrate to voters quite how "new" Labour now is. Judging from their new slogan, the Conservatives believe him. Or at least they think voters believe him, which is why they have changed tack themselves.

But a good slogan and a great advertising campaign are worthless if the thinking behind them is not convincing. In the end voters will only accept a neat slogan, or a short sound bite, if it resonates with their underlying perceptions about what is going on.

Hence the Conservatives failure to land a punch on Tony Blair so far. Previous claims that, in power, Blair would be pushed aside by the mad old socialists were simply not plausible; there were too few of them and and they were not mad enough. "Yes it hurt, yes it worked" was only a little more persuasive. We know that Ken Clarke's tax increases hurt, but we are not convinced they are working. Even if the

economy is looking up, we are not inclined to see the tax rises as the cause.

It is not impossible that the Conservatives, casting around for a strategy to hurt New Labour, will come up with a killer slogan eventually. They and their advertising men are very tough, very professional. But as they reflect upon new slogans and campaign themes both parties need to beware. The marketisation of politics is all very well, so long as politicians remember what sophisticated shoppers voters really are.

Making a racket at Wimbledon

There is something wrong with us. We freely confess it. When Cliff Richard led the spontaneous sing-song at a rain-drenched Wimbledon, this newspaper collectively cringed. Our huge tower at Canary Wharf visibly winced. Why was this? There is nothing more English than a good old sing-song, everybody jollily joining in, while the rain beats down. The trouble is, we fear, that it was so buttock-clenchingly naff.

For that is how the rest of the world too often sees us: a nation of cheery losers, belting out nostalgic songs in a downpour. Personally speaking, we'd much prefer a few ruthless tennis players, smashing their way into the semis.

LETTERS TO THE EDITOR

Standards of safety for airlines

Sir: Christian Wolmar is correct that the standards of "start-up" airlines such as Easyjet are enforced by the Civil Aviation Authority ("Safety worry as 'no-frill' airlines take off in UK", 1 July). However, his claim that there are no "flags of convenience" in the airline industry is far from the case.

The December 1994 crash near Coventry airport was that of an Algerian registered aircraft chartered by a UK company. The Air Accident Investigation Branch subsequently identified the use of an overworked crew as a contributory factor. Additionally, the crash near the Dominican Republic last February was that of an aircraft chartered by a Dominican carrier, from a Turkish airline, bound for Germany.

In both cases the aircraft were operated outside the country of registration. The rules of the International Civil Aviation Organisation state that the host country cannot investigate safety standards as the country of registry has promised to enforce the accepted minimum standards, under its flag. Indeed the EU possesses less powers to enforce safety standards on to external airlines than it does on to shipping.

A solution currently being proposed is an EU "black list" of states failing to adhere to pre-determined standards. Such a list has been adopted by the US Federal Aviation Administration. The FAA, however, did not apply the same rigorous safety standards to its internal airlines as it applied externally. If ValuJet had been from outside the US, its flights would have been halted long ago because of its dreadful safety record before the Florida air disaster.

The FAA, like the CAA, was responsible for promoting the airline industry as well as regulating its safety. In a regularised market this may be possible. In a liberalised market (as the US became in the Eighties and as the EU is becoming) the two tasks may well be incompatible.

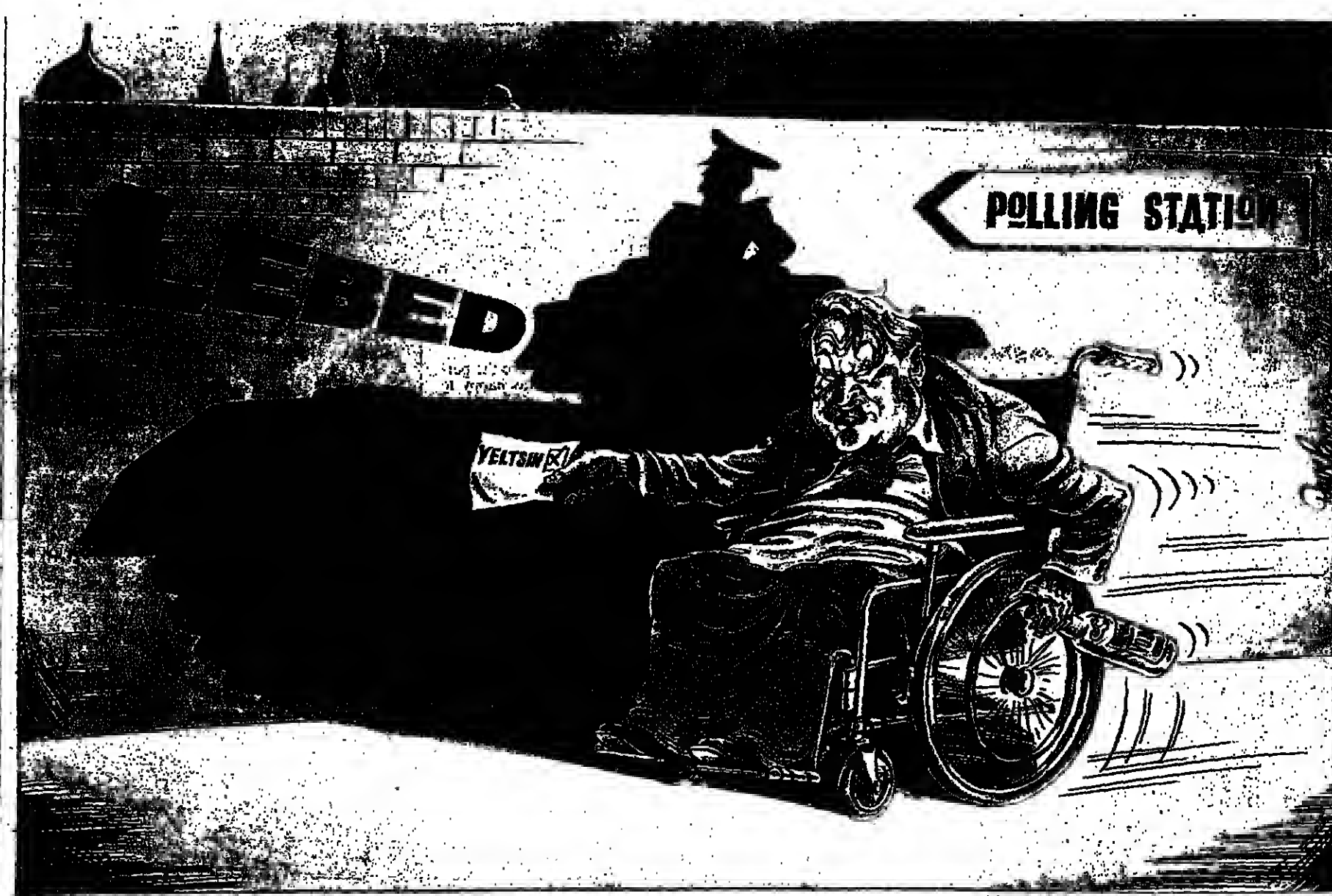
Providing the proposed EU powers rigorously enforce safety standards on both EU and non-EU airlines, passengers will have less cause for concern about airlines that they fly on, regardless of the price they paid.

DINOS KYROU
Department of International Relations
University of Aberdeen

Sir: Regarding Christian Wolmar's article, not only is it nonsense to suggest that "no frills" airlines compromise on safety, it is also an insult to pilots, maintenance organisations and all the many extremely experienced professionals involved in the running of an airline.

Safety is of paramount importance at any airline - big, small, independent, state-owned, high yield or low yield. Any accident is one too many, but it is worth noting that the short-haul airlines in Europe and the US, boast a safety record equal or better than that of the established, major airlines.

At our airline we fly modern British Aerospace 146s, aircraft that are younger than many of the major airlines' fleets. Indeed, at Debonair our aircraft receive more attention than our passengers.



Furthermore, the BAe 146 has an excellent safety record. "No frills" essentially means that passengers go without alcoholic drinks and fancy meals. Passengers compromise this for a low fare. They certainly do not compromise their safety. Fortunately, we can count on the millions and millions of passengers who fly each year when it comes to determining how safe it is to fly.

FRANCO MANCASSOLA
Chairman and Chief Executive
Debonair Airways
Luton, Bedfordshire

Britain can still show the way

Sir: Your leading article ("After empire, we badly need a new refrain", 29 June) served the important function of provoking thought, and the answer to your conundrum is, I think, rather simple. Britain does have a new role, and that is as an example of what can be done; a decoloniser that remains closely linked as an equal with virtually all its former colonies in an organisation that, it should be noted, a number of non-colonies are eager to join; and a "linguistically challenged" country whose native tongue is the only truly global language and whose overseas broadcasting service is probably the most trusted of all such agencies. The list could go on to include such successful "exports" as privatisation and many others.

There are, of course, concomitant responsibilities, which might perhaps be summed up as "being there when needed", whether that is supporting the weak

through Britain's permanent membership of the UN Security Council, or helping to end a war in the Balkans by contributing a substantial part of our armed forces, or protecting small countries from predatory neighbours, or (lastly and typically) fighting for a better deal for the most indebted countries through our membership of G7.

We know that Britain is not perfect, externally or internally, but because we have something to offer, it is our duty to offer it. BRIAN H GILL
London SE8

Riotous art

Sir: Colin Tweedy of the Association of Business Sponsorship of the Arts is right to value the ways in which the arts enrich our lives but his work will fail until the arts do inspire us "to riot in Trafalgar Square". For the arts to earn respect they must be feared: in its day Verdi's *Nabucco*, currently at Covent Garden, was recognised as an exposé of political repression; as recently as the Sixties Euripides' version of *Electra* caused riots in Paris. Where are the works to inspire us now? Government funding of the arts is diminished to stifle dissenting voices, but the arts will not generate support and funding until they find a way to connect with our real concerns. Only then will the arts shed the elitist tag. PAUL ARROWSMITH
London W9

Legislation for BT regulation

Sir: Your Business comment "BT needs to be held in check" (28 June) underestimates the issues surrounding the anti-competitive powers being sought by Ofcom in its current review of telecommunications regulation. Contrary to your comment, BT of course accepts that Ofcom has a role to play to ensure that telecom operators, including BT, trade fairly. All we are asking is that the powers to curb anti-competitive behaviour should be in a proper legal framework which does not enable Ofcom to invent what is anti-competitive and which allows for a right of appeal.

Without that safeguard, as you concede, there is otherwise no protection against such powers being exercised in an "arbitrary or oppressive fashion".

As you correctly report, the tone of most reasoned comment on the issue has been that the regulator is going too far in asking for absolute powers. It is, in our view, in no one's interests for the regulator to act as prosecutor, judge, and jury, or for players in the industry to be denied the right of appeal on the merits of cases that could have an enormous impact on customers, shareholders, employees and competitors.

As you concede, there is no protection against such powers being exercised in an "arbitrary or oppressive fashion". If the Director-General is to take on the quasi-judicial function of

determining what is anti-competitive, his determinations should be susceptible of appeal in the same way as those of every other judicial and quasi-judicial body in this country.

You incorrectly assert that "there are already enough channels of appeal open to BT", specifically the Monopolies and Mergers Commission (MMC) and the courts. If these new proposals were accepted, reference to the MMC would no longer be available to BT. Judicial review is concerned only with the narrow legalities of a decision, it is not an appeal against a mistake or a misjudgement.

The regulator already has substantial powers to take action against anti-competitive behaviour, through BT's existing licence and fair trading law. The current regime is allegedly slow and cumbersome, BT has offered Ofcom a "cease and desist" solution, under which Ofcom could instruct BT to suspend a practice with immediate effect, pending a full investigation. Ofcom has rejected this.

In fact, both BT and Ofcom are in agreement on the optimum solution, which is for the Government to legislate to prohibit anti-competitive behaviour. This would, on the one hand, allow a right of appeal on the merits, and, on the other, make those who behaved anti-competitively pay fines and damages. COLIN R GREEN
Secretary and
Chief Legal Adviser
BT
London EC1

Internet crèche

Sir: Having expended the time and trouble necessary to connect her home to the vast sea of information that is the Internet, Emma Haughton and other parents must accept the responsibility of regulating what comes through that connection (Section Two: "Is it safe to let our children play in cyberspace?" 1 July).

The Internet is a powerful tool for the worldwide communication of information, not a hi-tech crèche for yuppie parents. Why should all its users be expected to render their material suitable for six-year-olds?

Ms Haughton would not let her children use a power drill or a nail gun unsupervised; she should regard her office computer in the same light. In the last resort she can always pull the plug to the telephone. It is quite unreasonable for the Internet to be hamstrung by legislation such as the US Communications Decency Act, which could send people to prison for using words regularly printed in the *Independent*, just to provide Ms Haughton with "peace and quiet of an evening". ANDREW LEECH
Norwich, Norfolk

Pay and stay

Sir: The director of the Natural History Museum is wrong to argue that overcrowding is necessarily due to increased attendance (Letters, 29 June). When entry was free, many people dropped in frequently for a few minutes. After paying, visitors are likely to stay longer and so change a trickle into a throng. T H HUGHES-DAVIES
Breamore, Hampshire

Subversion of the rule of law

Sir: The Lord Chancellor's plans for reform of the legal aid system will, as you infer (3 July), lead to the poor and to the disadvantaged having to pay more for their lawyers. It will also have the inevitable practical effect of restricting access to the courts.

There is, though, a deeper danger. Points of important general principle, such as those engaged in the recent community care case involving the right of disabled persons to services, may never be litigated because of the ever present risk of having to pay the other side's costs if unsuccessful. In that way the rule of law becomes slowly subverted. Cash-strapped authorities are, as a result, more likely to make cynical and unlawful decisions knowing that judicial redress is a receding threat.

At a certain level, restriction of access to a court is, of course, a breach of Article 6 of the European Convention on Human Rights. But for a Government apparently determined over to incorporate the Convention into domestic law, this potential hazard is presumably no more than a minuscule consideration at the present stage. RICHARD GORDON, QC
London, WC2

Choice in Northern Ireland

Sir: There is reason to hope that parallel British and Irish administrations in Northern Ireland might work better than parallel British and French rule in the New Hebrides (Letters: "Parallel systems in Vanuatu", 24 June and "Bizarre system of colonial rule", 27 June).

Where the population of Vanuatu could say "a curse on both your houses" to their colonial rulers, the inhabitants of Northern Ireland all recognise the legitimacy of either the British or the Irish state. Giving each individual in Northern Ireland the opportunity to be subject to the laws and administration of the state of their choice would not, therefore, be a colonial imposition.

Instead it would provide a democratic method of resolving the conflict through allowing the majority and minority communities to agree to differ, rather than resorting to a majority vote that might simply perpetuate the conflict.

Dr PETER HAYES
Lecturer in Politics
University of Sunderland
Thornhill Park,
Sunderland

Churches of communion

Sir: What is all this fuss about Tony Blair receiving Communion in a Roman Catholic Church (report, 2 July)?

I have not only received Holy Communion in Roman Catholic churches several times, but I have frequently administered the Sacrament to Roman Catholics in Anglican churches and, what is more, have co-celebrated the Eucharist with Roman Catholic priests. They have done so with me too, by definition. Given the opportunities, I shall gratefully continue in this way. The Rev BEN HOPKINSON
Stairton,
Middlebrough

analysis

Slickers and slackers

Some MPs are workers, while some are shirkers. Yet they are all in line for a £9,000 pay rise. It's time for our representatives' salaries to be performance-related, argues **Anthony Bevin**

In a passageway deep in the bowels of the Palace of Westminster, there is a noticeboard for the Parliamentary Works Directorate: the backroom staff who keep the physical fabric of the Commons in good working order. By the side of two card-swipe machines on which staff clock in and out each day, the board sports a photocopy of the printed words of an 18th-century essayist, Sir Richard Steele: "Every man is the maker of his own fortune."

Scrawled alongside in felt-tip are the words, "No more overtime", and the sarcastic conclusion: "Morale is sky-high."

Today, the Prime Minister will publish the much-trailed report of the Senior Salaries Review Body and its recommendation that MPs should award themselves a 26 per cent pay rise of £9,000 a year.

The difference between the MPs and the constituents they represent could not be more sweetly illustrated. Next week, MPs, unlike the Commons staff who are losing out on overtime, will be the makers of their own fortune: voting themselves a pay rise that hardly serves as a public example of the Government's demands for restraint.

MPs are not paid overtime, and they do not have to clock in and out each day. But what they actually do for their £34,085 pay is between themselves, their whips, and their muckers.

As for putting themselves about in their constituencies, one recent poll suggested that 60 per cent of voters could not even name their MPs, never mind keep track of how hard they worked.

The pity is that some MPs are undoubtedly flogging their guts out, working long hours in recognition of the privilege of their democratic role. Some of them are so slick and efficient that they make a breathtaking contribution to the Chamber, the committee corridor, party

groups, constituencies – and spare the time for outside work on the side. But there are others who swing the lead and take the taxpayer, the voter, and Parliament for a ride. The problem is that today's pay rise recommendation will not distinguish between the slick and the slack.

Those MPs who spend much of their time outside Parliament, earning small fortunes in company boardrooms; those MPs who spend their time in the bars rather than the Chamber, committee rooms, or even the library; those MPs who swan off around the world on free trips hidden under legitimate auspices that do not need to be registered – none of them

There are Members who don't take the money and run, they just take the money

will be distinguished from the workhorses who try to make the Commons perform its proper function.

One such dedicated workhorse is Quentin Davies, the Tory MP for Stamford and Spalding. He is a City slicker in both appearance and background: first class graduate of Cambridge and Harvard, former diplomat, ex-director of Morgan Grenfell and Dewe Rensington International.

In the last full parliamentary year, Mr Davies attended a record 111 sessions of various standing and select committees; vetting legislation and monitoring the activity of Government departments. For good measure, he also shows that it is possible to provide a complete parliamentary ser-

vice – including the occasional revolt against the Government, and a resolute Conservative defence of the European Union and One Nation Toryism – and maintain commercial links with the business world.

In the Register of Members' Interests, he includes service as an adviser to NatWest Securities, for which he declares payment of between £20,000 and £25,000, and a parliamentary consultancy with the Chartered Institute of Taxation, for which he gets between £10,000 and £15,000. Nevertheless, in terms of his parliamentary effort, Mr Davies is worth every last penny of his £34,085 pay, and he is not alone.

The men and women who lead the Commons select committees that shadow each Government department, and the people who chair the standing committees which give line-by-line examination of all Bills, clearly deserve their money. That is also the case with other MPs, Labour and Tory, who do not shirk the unglamorous but vital committee work. In the last session of Parliament, 31 Bills were examined in 209 standing committee meetings.

The slackers are in a minority, but a strong minority. There are also some MPs, particularly former cabinet ministers, who deem themselves far too grand to serve on standing committees; others just do not put their names forward. They don't take the money and run, they just take it.

The House of Commons is a club, not a factory. While parliamentary staff clock on and off, MPs come and go as they please, subject only to the disciplines that may or may not be applied by the whips.

Certainly, as the *Daily Mail* discovered to its cost in 1978 when it had to settle, it is not possible to allege that MPs are absent from the House just because they are not attending committees. If MPs are put on a committee and are then



absent, that can be proved because attendance is logged and recorded. If they do not belong to committees in the first place, absenteeism is impossible to prove.

Nevertheless, it is possible to say that MPs are silent or speechless in the Chamber of the House. Because *Hansard* records can prove such a statement one way or the other, expensive libel actions can be avoided.

On that basis, there was a report in 1983 that 10 MPs had left the Commons speechless, having "failed to record one spoken word in the Chamber of the House of Commons in the last session of Parliament."

Equally, it is a fact that Jack Aspinwall, the Conservative MP for Wandsworth, is not recorded as having spoken one word in the Chamber of the Commons for a full parliamentary year, from 27 April 1992 to 5 November 1993, according to *Hansard* indices.

Mr Aspinwall, sadly, is a sick man and has been ill for some years. He is said to figure on all Conservative sick lists, as does Sir Julian Critchley, who has a *Hansard* record of Commons

Chamber silence for the whole of 1993. In the last year for which full returns are available, 1994-95, neither Mr Aspinwall nor Sir Julian are recorded as having served on any standing or select committee of the House of Commons.

According to the best parliamentary traditions, they are both Honourable Gentlemen and it can therefore be expected that they are delivering a full and dedicated service to their constituents.

But undoubtedly there are other MPs who do not give unreservedly to their constituents, and are not on any sick list. There are slackers as well as slickers in the House.

One senior Labour MP said yesterday that he knew of "stars" who delegated responsibility for constituency surgeries – where constituents seek MPs' advice and assistance – to local councillors.

When, or if, MPs go back to their constituencies, there is no way of knowing what service they provide. Nor is there any way of knowing whether they are driving all the way back to far-flung seats at a fixed expense rate of 74.1p per mile.

It is known for example, that some MPs drive to the far North and back, "earning" £500 or more for the trip. Receipts are not required.

Who knows what MPs will be

If there was a rate matching supply and demand, MPs should consider a pay cut

doing during their 11-week summer break from Westminster later this month? Who knows, following the introduction of, in effect, a three-day working week at Westminster, what they are doing with the rest of their time? MPs now are only required to attend the House from Mondays to Wednesdays, with few full-scale votes on Thursdays and the House often not sitting on Fridays.

MPs say they do go back to their constituencies, and, in the

traditions of the House, they are all Honourable Members. But who really knows?

The question that is now to be posed is: How should they be paid? Should the slicker, Mr Davies, be given the same pay as the slacker, who has to remain anonymous because of the libel laws?

What happens if we double, even treble, MPs' pay? Do we then increase their calibre twofold, threefold? How can we possibly guarantee that the quality of MPs would rise to match their emoluments, when MPs are effectively chosen not by the electorate, but by party selection committees?

Is it not possible to argue that those who are genuinely dedicated to public service should not need lavish pay and perks to go into the Commons? To which MPs might reply that they would be happy if they were paid as well as the political editor of the *Independent* newspaper.

When such questions were posed in the past, Enoch Powell used to ask whether there was any shortage of contenders for selection as candidates. Of course there is not. If there was

a market rate, matching supply and demand, perhaps MPs should consider a pay cut.

There can be no greater indictment of the quality of the Commons than the two recent reports, from the European Legislation Committee and the Procedure Committee, showing how laws are now being passed unseen and undebated by Parliament, in Brussels and Whitehall. What happened to the great role of scrutiny MPs boast about?

It is no exaggeration to say that those two select committees represent the last defences of a beleaguered democracy. Yet in the last session of Parliament, the recorded absentee rate from the European Legislation Committee was 38.3 per cent; for the Procedure Committee it was 55.4 per cent.

Perhaps the absent watchdogs should be put on the performance-related pay that Parliament has sanctioned for the rest of the public sector. For the moment, with few barks and little bite, some of them are not remotely worth the money they get, never mind a £9,000 pay rise.

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Stuck in a traffic jam? Try this quiz ...

Well, would you be able to pass a written driving test? If, after years of driving experience, you were suddenly sat down to take an exam paper, how would you do? Pretty well, you think? Here's your chance to find out! Just sit down and take this specially designed driving test paper (specially designed for people who think they know it all).

Note: if you are taking this test while driving along with the paper on the seat between your knees and a pencil in your teeth, glancing down between overtaking cars, you are disqualified before you start.

- When you see the slogan "Don't Drink and Drive", do you take this to mean:
 - a) You shouldn't drink after you have had too much to drink.
 - b) You shouldn't drink and drive at the same time, as the bottle may get in the way of the steering wheel.
 - c) You should stick to drugs if you are driving.
 - d) If you are waiting at the lights, with a car in front of you, and the lights turn green
- If you are stuck in a traf-



Miles Kingston

earth on top of the car. c) It should not have presents tied to the branches. d) The lights on the tree should not be switched on.

- If three roads lead to a roundabout, and a car arrives at the roundabout at exactly the same time on each of the three roads, which car has the right of way?
 - a) The one which forces its way on first.
 - b) The one which doesn't stop.
 - c) The one going fastest.
 - d) The one with the blue light on top.
- If you are stuck in a traf-

fic jam on a motorway, which doesn't move for over an hour, and you get so fed up that you get out and start walking about, and you get talking to a bloke in a van who likes the look of your car, and he makes you an offer for it, and you are so mad you decide to sell it there and then, and he hands over the cash and you start walking home, and just then the jam starts moving again, are you still responsible for getting the car out of there? Describe briefly the reasons for the answer you gave.

- a) Go as fast as possible.
- b) Go as slowly as possible.
- c) Keep to starboard.
- d) Give way to older vehicles.
- e) Hoist the appropriate flag.

- Under what circumstances can a vehicle be licensed for the performing of the marriage service inside?
 - a) If it is a chauffeur-driven limousine used for church purposes and the car is held up on the way to the service.
 - b) If it is floating on flood water and you are the captain.
 - c) If it is a circus caravan.
- If you drive out of a motorway service area filling station and realise just as you re-emerge on to the motorway that you forgot to pay for the petrol, what should you do?
 - a) Reverse back up to the filling station.
 - b) Drive like hell.
 - c) Hoist a big sign as soon as the police appear behind you saying: "ALL RIGHT, COPPER, I KNOW I FORGOT TO PAY, SO SHALL I PULL OVER TO THE HARD SHOULD-ER AND GIVE YOU A CHEQUE, OR WHAT?"

Good luck!

The Labour leader bears his policy document like an anxious curator with a priceless vase. But on slippery ground, he is right to be cautious

Steady, Tony, it could still fall apart



DONALD MACINTYRE

Honest manifestos tell the truth, and nothing but the truth. But they cannot tell the whole truth about a programme for government, especially for one intended to last more than one term.

Lord Howe's memoirs are eloquent about the lengths to which Margaret Thatcher went in resisting the incorporation into the 1979 manifesto of the apocalyptic *Stepping Stones* document drawn up for her two years earlier by John Hoskyns. *Stepping Stones* made the transformation of the trade unions the fulcrum of what Howe calls the "sea change in political economy" that it identified as the task of an incoming Tory government.

Mrs Thatcher agreed with almost every word of it. But she was deeply cautious about saying so publicly ahead of the election. Even when the unforeseen events of the pre-election winter made the central issue of the day, she shrank from including its most far-reaching conclusions in the manifesto. Instead, as Howe says with masterly under-

statement, the *Stepping Stones* approach remained "available for guidance in the years ahead".

That isn't to say that the *Road to the Manifesto* which Tony Blair will unveil today masks, in any conventional sense, a hidden agenda. But it is a reminder of the shortcomings of opposition compared with the opportunities in government.

Describing Blair's passage to the election, Lord Jenkins recently offered guests at a Liberal Democrat dinner the analogy of a curator nervously carrying a priceless gossamer-thin Ming vase across a newly polished and treacherously slippery museum floor. There was an amiable criticism implicit in the image conjured by Jenkins; that Blair is too anxious about the perils of the journey, not risky enough in his impatience to complete it.

Blair doesn't see it that way;

because for the Labour leader, every hostage given to a Tory press, every extravagant spending promise, every needless posture struck about issues from beef to the Prevention of Terrorism Act which his party is powerless to influence in opposition, threatens the shattering of the vase, and with it the renewed hopes of British social democracy.

So prevalent is the belief among politicians of all parties that Labour will win the general election that scarcely any of them confronts the historic meltdown it will mean for Labour if he fails to do so. Prepared to contemplate that awful prospect, Blair is at least as sensitised to the dangers and limitations of pre-election opposition as Mrs Thatcher was.

To take an example, welfare reform, and the switching of resources from social security to

education, is central to the thrust of today's document. But we are unlikely to know how fast Blair intends to achieve that. And even if he had the exact blueprint and published it now, he would be engaged in conflicting advice from every interest group in the country.

For all the populist and arresting language in which Blair is reliably said to have written today's draft manifesto, it is deliberately limited in scope.

growth to that of earnings. Earlier manifestos offered policies on what Blair once called "everything from stray cats to world disarmament". Today's document promises not the earth, but a start to Labour's aim of restoring social cohesion and economic efficiency. And although it will fail to answer some of the thorniest questions – such as child benefit for 16- to 18-year-olds and whether there will be a higher tax rate – there is no sign that the final manifesto will otherwise differ radically from today's document. For all the protestations about consultation throughout the party, the forthcoming ballot of members cannot do other than endorse it wholesale.

This is already deeply disturbing some of Blair's restive backbench critics. But it may suit the minimalist times. The message to the party

is that in a climate in which politicians aren't trusted any more, it is not just pointless but fatal to promise more than you can deliver, or – and this may be even less ambitious – what the voters think you can deliver.

The party will surely absorb this message. But what it will not be able to tell from today's document is whether Blair would be as radical from the social democratic centre left as Margaret Thatcher was from the right.

First, as he reminded Labour MPs yesterday, he has to get elected. But in office there are fewer allies than in opposition. He believes that social cohesion, welfare state reform and the re-equipping of the economy through education are as big as Thatcher's state-shrinking, union-curbing agenda. But if his momentum falters in office, then the capacity for disillusionment among the tens of thousands of party members who at first hesitated, then enthusiastically participated in the rewriting of Clause IV is as limitless as their hopes are now.

What me? I'm off to lunch

The officer class at the Somme was cruel and stupid. And their modern equivalents can be as disgusting

On Monday 1 July, Michael Portillo, the Defence Secretary, had lunch at Lancaster House with the President of the French Assembly and spent the rest of the day holding meetings in his office. From there, 80 years ago, he would have been able to hear the artillery barrage that preceded the British assault on the German lines that began on 1 July 1916, the first day of the Battle of the Somme.

He chose not to commemorate that day at Thiepval with the veterans of the army of which he is political master.

Before we condemn him, we should bear in mind that friends of John Redwood, his rival for the Tory leadership, are going out of their way to make us loathe Portillo. They may have fomented this fuss about his non-attendance. Nevertheless, disliking Portillo remains an important obligation for us all – his manner is disgusting, and on this occasion, as on others, he has displayed an extraordinary lack of taste.

For 1 July 1916 was both the most important day in our modern military history and among the most important in our entire history. To make matters worse for the Defence Secretary, this may be the last anniversary of that date for which we can call on living memory. Some Somme veterans are in their hundreds. They will not be with us in 10 years. The next anniversary will not really be an anniversary at all. The event will have passed fully into recorded rather than remembered history.

There is, now, some controversy about how we should judge that first day in terms of military history. For most of the 20th century – from Wilfred Owen to Rowan Atkinson's *Blackadder* – it has been regarded as a monumental blunder perpetrated by a callous High Command who through-cut the war caring nothing for the lives of their troops. It is routinely seen as the supreme condemnation of the British class system. Working-class conscripts, lured by the call of duty and the glamour of escape, were chucked into the firing line by cruel, stupid toffs.

Revisionists now say that, though it was undoubtedly a catastrophe, it was forced upon the generals by the political and military demands of the hour. Subsequently, they learnt their lesson and won the decisive second Battle of the Somme employing considerably more humane and modern methods.

And we did, after all, win the war – a victory we seem less disposed to celebrate than that of 1945.

Such a controversy has its place, not least in British self-perception. The idea that we have a criminally or comically incompetent ruling class has been a fixed and frequently debilitating aspect of our politics and our culture since the Great War. We still believe in the failings of leadership, more readily because of the slaughter at the Somme. Perhaps that belief is why I so readily dislike Portillo. But, if the generals were not really that incompetent, then our routine contempt for leaders is based upon a misreading of history, and our national habit of giving moral weight

to the mannerisms of class is founded upon a lie.

But that issue becomes almost insignificant, a local matter, when set against the elemental spectacle of mechanised, futile slaughter provided by that first day of battle. It is said that more died on that first day of the Somme than had died in the whole previous century of conflicts in Europe. A hundred years of relative peace had led to this. Human progress would always, thereafter, seem a thin, vain, unconvincing faith. For this was a moment that seemed to come from beyond history, a timeless statement of the perpetual possibility of absolute failure.

In many ways, as the historian and critic Paul Fussler has pointed out, it was an image that created the modern sensibility. The blood and mud of the trenches when set against the mannered civilisation of Edwardian England gave birth to a peculiarly modern form of irony based upon the awareness of the contingent, organic mess that lies beneath the enforced order of society. Order itself became a kind of joke, a desperate, doomed attempt to avoid the abyss.

And it gave birth to the modern sense of the human reality of the masses. As the best poems of the time



All quiet on the Portillo front: Somme veterans visited Picardy without the Defence Secretary (centre). Left to right: General Haig, Wilfred Owen and TV's *Blackadder*

prove, the patrician officers suddenly saw in those massacred brigades of chums and pals not undifferentiated cannon fodder but men like themselves. Wilfred Owen's day that grew tall formed not the sensitive, cultivated, suffering poet, but Everyman.

This was a realisation whose importance can hardly be overstated. Leaving aside salvation and the immortal soul, the essential secular message of Christianity is: ordinary people have feelings too. It is a radical statement of the irreducibility and commonality of human experience. It took a while to sink in – about 1,880 years, in fact, the length of time between the Sermon on the Mount and 1 July 1916.

But when it did, the shock brought one civilisation to an end and ushered in a modern world in which there can be no ultimate legitimacy but that of mass approval, in which some form of equality, however attenuated, is part of everybody's political predisposition.

This, along with the technology that made mass killing possible, changed the complexion of war itself – though oddly, for the worse. Once the masses acquired a voice to which their leaders had to listen, they also became a legitimate target. The bombing of civilian populations in the Second World War signalled the realisation that armies alone were not the point, people were – both because of

what they did and what they felt. So 1914-18 had not been the war to end wars, but rather the war that broadened the definition of conflict to include us all.

All of which is to say that Portillo should have been there on Monday. This commemoration, for all its vast significance, was still a military event: he was the one politician who had to attend. But, in truth, we should all have been there. Those ancient veterans witnessed a terrible battle, one of the worst in history, but they were also there at the awful birth pangs of the contemporary world. Soon they will be gone and we shall begin, as we always do, to forget.

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that PEP

their PEP

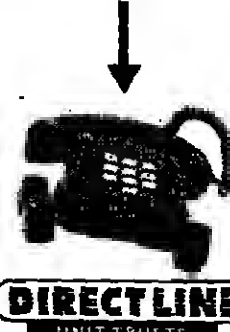
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THURSDAY DIARY

John Walsh

The DJ, realising he had some Brits on the dancefloor, reached for the Sex Pistols ...



Few combinations of words in the English language ("memorial service", "divorce reception") carry the same air of melancholic revelry as do the words "leaving party". It is their predictability, the embarrassing speech ("I can honestly say I've never worked with a more talented group of people"), the last-minute present from Thrift Gift, the who's-next banner, the baffling messages on the good-bye card, the frankly doomed attempt to impress the young lady from Bought Ledger, the last Tube home ...

Imagine then, my delight when a departing colleague decided to whop it up on the Continent. Forget the scabby boozers of the Isle of Dogs, he said, we'll have this party in – oooh, Venice would be about right. Cannes perhaps, or Versailles, or Prague, somewhere grand and Napoleonic. We'll charter a jumbo, cram it with charter a Roederer Cristal, Beluga and in-flight fashion install an in-flight gym and ... By the following week, his arrangements had become less ambitious: okay, we head for Boulogne, and take a dozen taxis to L'Atlantique, the hotel-restaurant-dancehall equivalent of its trendy Piccadilly namesake. There we'll drink Piper Hiedeck from the shoes of poules de hute from Montmartre.

play canasta, have a gallon of illegal absinthe ... By the next week, things had scaled down again. We were now off to Belgium for dinner and dancing ... So we flew over in what appeared to be a Second World War Mosquito (free in-flight salami bun), drove about in a coach and dined at a charming restaurant where the dying gasps of *nouvelle cuisine* are still celebrated (single *moule en croustille* served in egg cup). After 2.30am, it all got a little blurred. I remember roaming Antwerp's bland shopping mall, asking bits of Euroflotsam outside Marks and Benetton where the action was to be found. The most friendly-disposed of our crew indulged in yelling contests about Jurgen Klinsmann. I recall feeling puzzled to find an enormous and beautiful white cathedral rearing up amid the franchise shops like a brilliant secret. I remember lots of urgent seduction breaking out amid the smashed glass of a backstreet disco. ("So, you are all on holiday, yes?" a local youth asked one of the girls. "No, no," she replied, "Canary Wharf leaving party." "In Antwerp?" he asked, wide-eyed.) I watched as a distinguished editorial colleague, a man famous for his unflappable demeanour, tore off his shirt to wince the beer and sweat from it at 4am. I remember

how the DJ, realising he had some Brits on the floor, reached for the Sex Pistols ... It was, admittedly, some way from the ball at the Doge's Palace we had first planned. And next week, I expect, leaving parties will once again be things you have at the Café Rouge with glasses of Merlot. But something remains incontrovertible. Say that health and wealth have missed me. Say that youth and energy have fled. Say I will never again do up a pair of 32in-waist Wranglers. But can I just put on record that, at 42, I was warned by a bald and threatening bouncer in a Belgian nightclub to cut out the manic pogo-ing at 6 o'clock in the morning?

News reaches me of a shocking outbreak of literal-mindedness in Scotland. The Cape novelist John King has been impressing reviewers (not ours, alas) with his tough tale of tattle and tatters, entitled *The Football Factory*. But while the book is selling well, it's also become one of the year's most shoplifted items. No less than nine copies were nicked last month from the John Smith bookshop in Glasgow. This presumably wouldn't have anything to do with the fact that the World's Finest Living Writer, Irvine Welsh, can be found putting the book on the cover, and advising punters, "Buy, steal or borrow a copy now." Should the felons

responsible ever come to London, I hope they will be more sophisticated about the "KILL to get a ticket" signs in Shaftesbury Avenue.

I met a classical musician the other day, who gave me a fascinating performer's-eye view of the Secretary of State for National Heritage. He had encountered Mrs Bottomley on Saturday before last, at the Aldeburgh Festival in Snape Maltings, Suffolk. She's so keen to attend, festival-goers murmured admiringly, she had flown there straight from the England-Spain match earlier that afternoon. Look, there's the ministerial helicopter parked on the Maltings lawn. And indeed it was an impressive sight, complete with pilot and co-pilot, and at least one Heritage minder who went through the crowd asking people how long the evening's concert was likely to go on for.

The concert was the City of London Sinfonia's performance of Mahler's Fourth Symphony, with its famously long, slow and generally adagio third movement. Three or four minutes into it, the enraptured audience became aware that their Heritage minister was discreetly leaving them, as the place reverberated with the sound of her helicopter taking off. Barely 100 yards above the

Maltings' slatted wooden roof, a couple of tons of governmental chopper thrummed and bated and ground its gears and went WHUP-WHUP-WHUP like a mad thing before sweeping the lovely Virginia B. away into the night. "It was very off-putting for the performers," said my man in the woodwinds section. "Completely destroyed the whole mood of the concert." If only they'd been playing Wagner – the audience could have dreamt they were remaking *Apocalypse Now*.

A new ice-cream is launched today by Ben & Jerry, the American frozen-pudding moguls. What's special about it is that it's supposed to be the quintessence of Britishness. In reply to a B&J questionnaire, seven thousand-odd fans sent in their suggestions for the flavour that "Britain" would be if she were an ice-cream. The winner was "Cool Britannia" (vanilla with strawberries and chocolate-covered shortbread), the bright idea of a bank lawyer called Sarah Moydian-Williams. Not bad, if we must have ravens-at-the-Tower national stereotypes, but I preferred some of the losing suggestions: the Charles and Diana Split, for instance, or the Vanilla Parker Bowles, the Agatha Christie or (what the hell) the Jack the Ripper, James Bombe, Cashew Grant ...

Record profits as Weinstock steps down in style

TOM STEVENSON
City Editor

Lord Weinstock will step down as managing director of GEC on 9 September, marking the end of his 33-year reign at Britain's biggest manufacturing and defence company. The transfer of power to former Lucas chief executive George Simpson was confirmed yesterday along with better-than-expected results for the year to March.

Analysts agreed that he had gone out in style, with profits exceeding £1bn, before exceptional charges, for the first time. He leaves GEC with a £14bn order book, up 10 per cent on a year ago, and with a £2.5bn cash pile. After years of bearing Lord Weinstock's relative parsimony, shareholders were rewarded with an unexpected 10 per cent rise in the full year dividend to 12.51p.

"This is racy stuff for GEC," Tressan MacCarthy, an analyst at Panmure Gordon, said of the dividend. "In the past GEC has been incredibly prudent and maybe it's going to be a bit more generous in future."

Brian Newman, analyst at Henderson Crosthwaite, said the stock had been depressed ahead of the results by market rumours of disappointing

figures and significant restructuring charges.

"These figures will dispel any negative rumours and restore some confidence in the stock," Mr Newman said. "Weinstock is going out on a high note."

Lord Prior, GEC chairman, paid tribute to Lord Weinstock as he confirmed that a new position of chairman emeritus would be created "so that the company will have available the benefit of his long experience and deep knowledge". Lord Weinstock will not sit on GEC's board, but he will have an office at the company's Stanhope Gate headquarters and is expected to use it every day.

The closing of the Weinstock era at GEC puts an end to years of uncertainty during which the succession to what has been called the most important job in British industry has been agonised over by Lord Weinstock and shrouded in secrecy.

Over the past decade, many favourites have come and gone, with the roll-call of those who came close to receiving the nod reading like a *Who's Who* of British Industry. Sir Colin Southgate chose to remain with Thorn EMI, Michael Green of Carlton was considered briefly as was Alan Sugar, the consumer electronics entrepreneur who

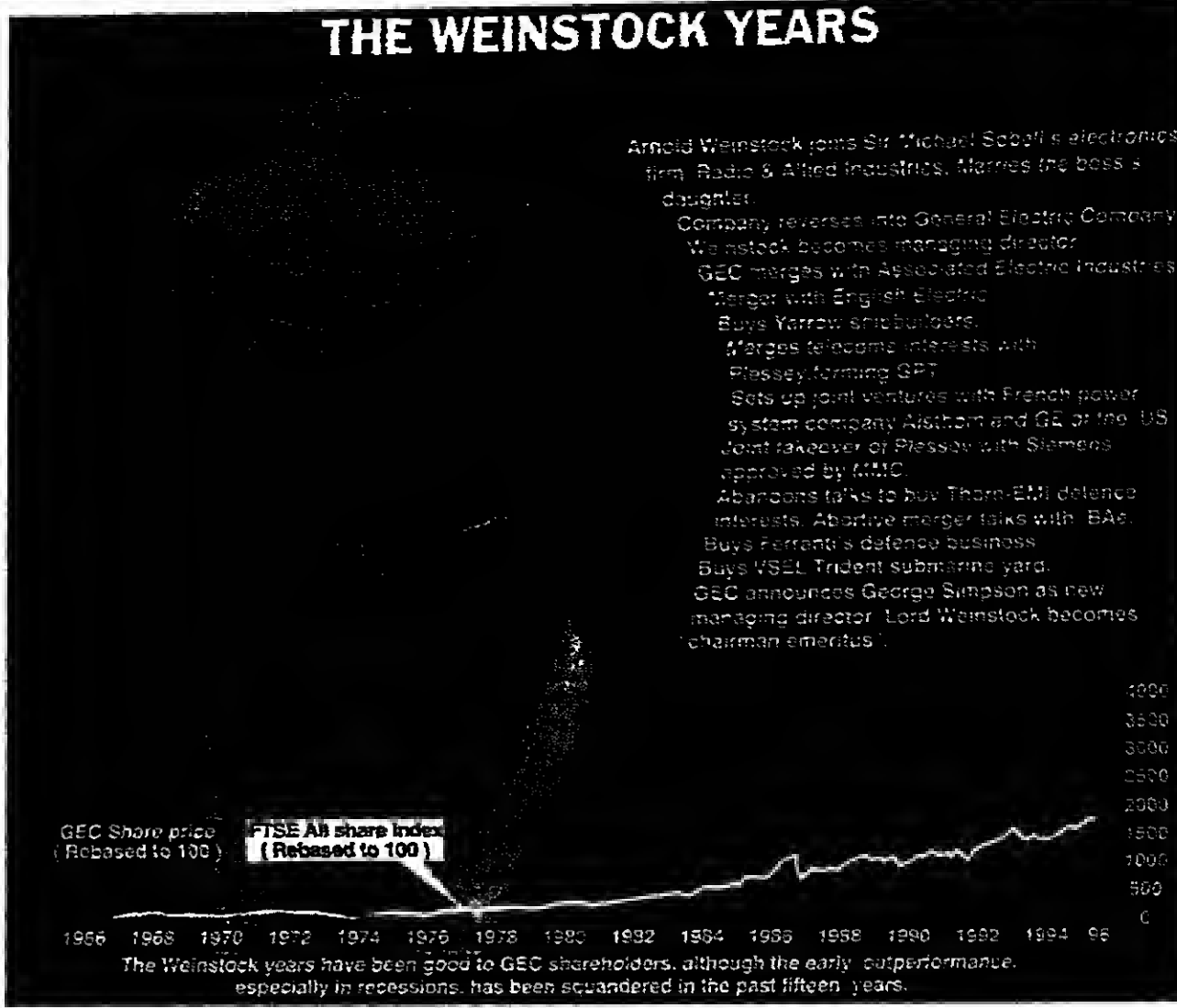
came close to characterising everything that GEC was not.

GEC's pre-tax profits for the year to March of £981m were well up on the £891m recorded in 1995, but detractors said yesterday they did not represent a great step forward from the £710m achieved as long ago as 1986. The company's many critics accuse GEC of undue caution, which has led it to miss a string of opportunities in industries for which it had the technical skills but lacked the willingness to take the necessary chances.

The growth in profits last year reflected an improved performance from GEC Marconi, the defence electronics arm, where cost-overruns on large contracts had held back the first-half result. The company said solutions had been found for the technical problems and it did not expect results in future years to be affected. Boosted by the acquisition last year of warship and submarine maker VSEL, profits jumped from £205m to £291m.

GEC Alsthom, the Anglo-French power joint venture, and GPT, the telecommunications operation, which is jointly owned with Siemens of Germany, both reported record sales and profits.

When George Simpson takes over, he is expected to face a daunting task to follow in the



footsteps of one of British business's most idiosyncratic and forceful managers. When not pursuing his twin passions for Mozart and horse-racing, Lord Weinstock gained a reputation for spending long hours in his office, maintaining almost constant telephone contact with his managers, more than 200 of whom

were on his speed-dial system.

Arguably, only Hanson and BTR shared his passion for financial controls when he introduced monthly reporting in the 1960s and 1970s, long before such monitoring became a central management technique.

Analysts believe the arrival of Mr Simpson, fresh from the

disposal of Rover to BMW while at British Aerospace and a turnaround in Lucas's fortunes, will mark a dramatic change of culture at GEC.

Attention is most closely focused, however, on whether his close links with BAE's Dick Evans will lead to the long-rumoured merger of GEC's

defence interests with BAE.

His highest challenge, however, is viewed as reversing GEC's long-term underperformance of the market. Although, as the chart shows, GEC has beaten the market during the last 33 years, over the past 15 it has lost half its relative value.

Comment, page 23

EU joins fray on airline alliances

PATRICK TOOMER

The European Commission yesterday launched an investigation into six main transatlantic airline alliances as it sought an equal role with Washington in policing competition along blue ribbon routes.

The inquiry will include British Airways' planned link with American Airlines, which will form the world's most powerful airline alliance – the catalyst for yesterday's move.

British Airways' proposed tie-up is already being investigated by the Office of Fair Trading in Britain, the United States Justice Department and an influential all-party committee of MPs.

The EU will look into co-operation deals between Germany's Lufthansa and United Airlines of the US; Scandinavian Airlines (SAS) and United; British Airways and USAir; Swissair and Belgium's Sabena; Austrian Airlines and Delta; and between KLM of the Netherlands and Northwest.

"It is important to ensure that such alliances do not damage competition or erode consumers' interests," European Transport Commissioner Neil Kinnock told a joint news conference with his competition counterpart, Karel van Miert.

An accompanying paper said the Commission's preliminary view was that such deals would "substantially restrict competition on the routes between the United States and Europe as well as on some intra-Community (EU) routes".

Mr van Miert justified the inquiry, which will last several months, on the grounds of the transatlantic imbalance in authority which he said allowed US anti-trust authorities a free rein to set conditions on deals.

"For some time now we have been confronted with all sorts of alliances between American and European airlines," he said.

"Up until now we have only been able to examine the part of those alliances which affect flights within Europe. On the American side, they are entitled to look at the transatlantic dimension outside of the US," Mr van Miert added.

In the past airline alliances have been inspected by the national competition authorities of the EU country involved, leaving the deal's overall impact on European aviation markets unexamined.

However, the Commission may face a fight over the legal grounds it has used to extend its jurisdiction.

Comment, page 23

New TV channel to make joint bids

MATHEW HORSMAN
Media Editor

Channel 5 Broadcasting, owners of the planned fifth terrestrial television channel, has approached Rupert Murdoch's BSkyB with a plan to buy US programming jointly and to secure terrestrial rights to some shows now on Sky Television.

The talks, which are still at an early stage, could see the two broadcasters bid jointly for US shows before the launch of Channel 5 in January 1997.

Channel 5 also wants to bid for the rights to popular action programmes, such as *Highlander*, to which BSkyB has both terrestrial and satellite rights. Some of Sky's terrestrial rights were bought in advance of the auction for Channel 5, for which BSkyB was a leading contender.

The new channel, owned by Pearson, United News & Media and CLT, the Luxembourg-based broadcaster, is currently commissioning and acquiring programmes for its first year of operation. With a budget of £110m, next to £600m at ITV, the new channel will concentrate on daytime television, where it is expected to rely on traditional daytime fare, along with US and other imported series.

Sky, which broadcasts popular US shows such as *Melrose Place* and *The Simpsons*, has developed into a "proving ground" for US TV series, according to David Elstein, Sky's head of programmes.

"The ITV companies and the BBC have both understood that if programmes are successful in 25 per cent of UK homes, then they should be popular in the other 75 per cent" – those without cable or satellite.

Two popular programmes pioneered in the UK by Sky, *The Simpsons* and *The X-Files*, are now being broadcast on the BBC. Mr Elstein said the advantages work both ways.

Defensive Woolwich set to mount dual takeover

NIC CICUTTI

Woolwich Building Society is preparing to mount dual takeover bids on a building society and a life company as part of a rapid expansion strategy ahead of its planned £3bn stock market flotation. Among the institutions it has held talks with are Birmingham Midshires and NPL, the mutual insurer.

Woolwich hopes to make at least one announcement concerning a UK society or an insurer ahead of its demutualisation next year.

A separate acquisition in Europe is also likely in the next few months. However, any takeover would not be completed until after Woolwich's flotation.

Its moves were yesterday seen by some City analysts as helping to stave off the advances

of rival predators, including Prudential, which are believed to be considering their own takeover bids for Woolwich.

But it also reflects the view of its newly appointed chief executive, John Stewart, that Woolwich must expand in the UK and in Europe to become an all-round financial services player. Mr Stewart yesterday declined to comment on details of the society's talks.

"What we are trying to do at Woolwich is wrap financial services round the customer and his needs, be that in the field of life and pensions, general insurance, protection, savings, loans, or plastic cards."

"When you move in that direction, you will realise there are gaps. You don't need to be a rocket scientist to work out areas in which we need to grow."

Mr Stewart stressed Woolwich was determined not to mount hostile bids for another society or a life company. The aim of talking to an insurer would be to build on the activities of Woolwich Life, the society's subsidiary, potentially linking up with a specialist pensions provider.

It is understood that talks on building society mergers have not been exclusive to Birmingham Midshires.

Similarly, while Woolwich believes NPL would be a good "fit", the insurer might not wish to have more detailed discussions. Talks with other mutuals are thought to be at a more advanced stage.

A Midshires spokesman said: "Rumours will be rumours. But do not hold your breath for an announcement because there



Under wraps: John Stewart of the Woolwich

Figures underline strong US economy

DIANE COYLE
Economics Editor

There was fresh evidence yesterday of the strength of the US economy, as the Federal Reserve's open market committee finished its policy meeting. But, despite the evidence, the Fed did not raise interest rates.

Factory orders rose for the third month running in May, the number of new new jobless claims declined unexpectedly last week, and consumer confidence has reached a six-year high according to a poll for ABC News.

Orders rose by 1.9 per cent in May, while the initial estimate of a small decline in April was revised to a 0.2 per cent increase. The jump in May was partly explained by aircraft orders, but there were increases in other categories too, notably industrial hardware and cars. Excluding aircraft and transportation, orders

were up 0.4 per cent during the month. In another encouraging sign of stronger demand, levels of stocks decreased slightly in May, while unfilled orders increased by 0.4 per cent.

Jobless claims fell by 4,000 to 351,000 in the last week of June, the third weekly decline in a row. The less erratic four-week average of new claims fell to 355,750 from 356,500.

This suggests figures for employment in June, due on Friday, could be stronger than anticipated. A surprise surge in the number of jobs in May hit shares on Wall Street due to fears strong growth would force the Fed to raise interest rates.

US employment has risen by an average of 222,400 a month so far this year, a pace many analysts think will have the Federal Reserve chairman Alan Greenspan worried about future wage inflation.

Comment, page 23

Germany: Escorn crisis deepens as losses mount □ Jobless totals likely to remain high in the short term

Computer giant seeks creditor protection

IMRE KARACS
Bonn
and NIGEL COPE

Escorn, Germany's second-largest computer retailer which bought the former Rumbelows chain in the UK last year, filed for protection from creditors yesterday after mounting losses. Escorn shares on the Düsseldorf stock exchange were suspended following the company's announcement that it would begin "intensive talks" with suppliers, creditors and shareholders about "stabilising" finances.

The filing follows Monday's announcement that Escorn was closing 65 of its 233 UK stores with the loss of 227 jobs. Yesterday the company said the UK business would not be affected by the problems of the German

parent. "Escorn confirms that it will continue to trade in the UK and that it has the full support of its banks," it said.

Escorn UK was established as a separate business from the German parent in May. The company says its management accounts show that the UK business made a profit of £1m last year. "The UK PC market is booming, it is the German market that is in recession," a spokesman said.

In March, the Escorn group reported a net loss of DM125m (£52.5m) for last year, but latest figures put the shortfall as high as DM180m, and yesterday it forecast another substantial deficit for the current year. The company presented a restructuring programme earlier this year but had been unable to

reach agreement with creditors and suppliers to protect liquidity. Of the DM100 sought in capital injections, only DM60m has flowed into the accounts so far.

News of Escorn's difficulties follows an announcement by Digital on Tuesday that it is to cut 7,000 jobs after problems in its computer business in Europe. Digital is the world's second-largest computer company after IBM. The problems affecting all computer companies are falling PC prices which have forced many manufacturers to give rebates to dealers on unsold stock.

For 10 years Escorn had been one of the success stories of German industry. Turnover rose 90 per cent annually, turning the computer shop into a global manufacturer and retailer of cut-price home PCs.

Recovery fails to lift employment gloom

Workers made redundant in Germany by Escorn could have trouble finding new jobs. Unemployment stands at 10.3 per cent of the workforce, a shade below post-war records. The economic recovery expected in the second half of this year is not expected to make big inroads into the jobless total, writes Diane Coyle.

Chancellor Helmut Kohl admitted as much yesterday. Speaking at the Federal Labour Office, he said: "We know from past experience that an economic revival has a positive impact on the labour market only after some delay. The business cycle will not contribute to more employment this year."

There was further evidence that the economy is starting to recover. Industrial output increased by 1.1 per cent in May,

the Bundesbank reported yesterday. It was still 2.1 per cent lower than a year earlier, but the third monthly rise in succession was far bigger than economists had predicted.

The May increase was driven by manufacturing output rather than construction. Of particular interest was a 2.4 per cent increase in the production of intermediate goods, which typically expands strongly in the early stages of a recovery.

"The German economy bottomed at the end of the year and is now on the road to recovery," said Richard Reid, chief economist at investment bank UBS in Frankfurt. But he warned that growth would be subdued until confidence recovered too – something high unemployment is likely to prevent.

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See page 18 - 22 section two

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Every Thursday in the THE INDEPENDENT section two

STOCK MARKETS

Index	Close	Day's change	Change (%)	1996 High	1996 Low	Yield (%)
FTSE 100	3714.10	-11.60	-0.3	3857.10	3638.50	4.09
FTSE 250	4368.20	-9.80	-0.2	4588.80	4015.30	3.42
FTSE 350	1873.30	-5.50	-0.3	1945.40	1816.80	3.94
FT Small Cap	2188.33	-1.95	-0.1	2244.36	1954.06	2.97
FT All Share	1858.38	-5.16	-0.3	1924.17	1791.95	3.86
New York *	5689.35	-31.03	-0.5	5778.00	5032.94	2.19
Dow Jones *	2379.02	+31.05	+0.1	2266.80	1973.70	0.71
Tokyo	11083.28	-21.15	-0.2	11594.69	10204.87	3.33
Hong Kong	2568.85	-3.30	-0.1	2573.69	2253.36	1.82

Source: FT Information

INTEREST RATES

Short sterling*	UK medium gilt*	US long bond
		

*The June figures indicated

Treasury bill rates

Money Market Rates		Bond Yields *				
Rate	1 Month	1 Year	Medium Bond (G)	Year Age	Long Bond	(G) Year Age
UK	5.75	6.10	7.50	8.30	8.04	8.57
US	5.24	6.10	6.81	6.19	6.66	6.61
Japan	0.41	1.00	3.24	2.99	-	-
Germany	3.34	3.57	6.55	6.80	7.08	-

*Domestic markets

MAIN PRICE CHANGES

Prices	Price (p)	Change (p)	Change (%)	Falls	Price (p)	Change (p)	% Change
East Midlands Elec	565	22	4.1	Danka Business	448	35	7.2
East Electric Co	363	12	3.4	Marston Thomp	320	11	3.3
Vickers	280	8	3.2	Orange	212.5	7	3.2

CURRENCIES

Unit	Yesterday	Change	Year Ago	Unit	Yesterday	Change	Year Ago
\$ (London)	1.5690	+0.236	1.5918	£ (London)	0.6414	-0.12	0.6282
\$ (New York)	1.5580	+0.056	1.5962	£ (New York)	0.6418	-0.03	0.6285
DM (London)	2.3772	+0.15d	2.2019	DM (London)	1.5282	-0.16d	1.3693
¥ (London)	172.379	+0.885	138.217	¥ (London)	110.570	+0.43	84.8800
₹ (India)	86.8	+0.1	83.3	₹ (India)	97.4	pitch	89.4

OTHER INDICATORS

Indicator	Yesterday	Day's change	Year Ago	Indicator	Yesterday	Day's change	Year Ago
ON Brent \$	19.17	-0.13	16.06	RPI	152.9+2.2pc	149.6	11 July
Gold \$	382.20	+0.3	383.80	GDP	130.3 +1pc	125.2	26 July
Gold £	245.15	-0.15	241.17	Base Rate	5.75pc	5.75	-



As far as business is concerned, Mr Blair is making all the right noises, but despite his best endeavours he still has a credibility gap to close

A landslide for Labour would spell trouble

It is easy to see why Tony Blair's New Labour yesterday than Ian Lang's faded brand of old Conservatism. Although the Labour leader's speech broke little new ground it was delivered with self-confidence, conviction and enough self-deprecation to hint at sincerity and mortality at the same time. In contrast Mr Lang's peroration on regional policy a day earlier was dull stuff indeed, a speech that said nothing, went nowhere and was evidently delivered with as little relish as it was received.

There may be more interesting places to be than the British Chambers of Commerce national conference on a wet midweek day but the two performances must have left the delegates wondering which party was really more interested in capturing the business vote. The Chambers of Commerce see things differently to the big battalions of industry, where suspicions about Labour's true colours continue to run deep. Reaction at the conference yesterday to Mr Blair's vision of Labour and business could scarcely have been better. On a show of hands, delegates who thought Mr Blair would be prime minister after the next election outnumbered those who believed it would continue to be John Major by 20 to one.

On fiscal responsibility, on education and on Europe the Labour leader did not put a foot wrong. He even made the Social Chapter sound not like the bogeyman dreamt up by a reconstructed socialist but a tool to aid

greater competitiveness. The big question, as Mr Blair acknowledged, is whether Labour in power can and will pursue the same policy outlined in opposition yesterday.

The answer may turn on the size of his majority. A small working majority would probably enable New Labour to deliver. Too big a landslide and old Labour could be having for blood. Anything much above 50 would certainly spell trouble. In that case yesterday's endorsement in Birmingham could begin to look ill placed. If even the present Conservative government is getting itself into trouble on the public finances, as next Tuesday's summer economic forecasts from the Treasury will confirm, how on earth is Mr Blair going to hold the lid on demands for ever greater government spending? As far as business is concerned, Mr Blair is making all the right noises, but despite his best endeavours he still has a credibility gap to close.

GEC is a heavy weight on Simpson's shoulders

It is just as well George Simpson is not given to worrying about other people's high expectations of him. Confirmation that he will succeed Lord Weinstock in September helped make GEC the Footsie's most heavily traded stock yesterday. Up 12p on the day to 364p, the shares anticipate quite a show. Mr Simpson takes on one of the biggest challenges in British corporate life, to

reverse a relative decline that only stranded dinosaurs such as ICI and Hanson have emulated in the past 15 years. Although GEC has outstripped the market handily over the full stretch of Lord Weinstock's tenure, it has done its utmost to squander the advantage throughout the 1980s and 1990s.

GEC did rather better for many years than many of the other national champions created with the blessing of Harold Wilson in the late 1960s, but ultimately it has failed when set against the likes of Siemens of Germany. The two companies were about the same size when GEC swallowed Associated Electrical and English Electric today the British company is dwarfed by the German and it has tumbled down the league tables of the world's industrial giants.

Now is not the time to dwell on Lord Weinstock's stewardship, but if George Simpson is to effect lasting change at GEC he will have to learn lessons from a man who has been accused, with a degree of justification, of doing more damage to British industry, through errors of omission, than any other businessman.

That might seem a harsh assessment on the day GEC's profits broke through the £1bn mark for the first time. With orders standing at £1.4bn and £2.5bn in the bank, many people would judge this a highly successful company. But it is hard to avoid the conclusion that less left on deposit over the years and more spent on investment might

have left GEC's profits higher and British industry rather healthier.

Snatching Rover from under the nose of the Japanese and selling it on to BMW showed that Mr Simpson has some talent for selling businesses and in the short term there are plenty of peripheral operations that look ripe for that treatment. In the long run, however, GEC needs to re-learn how to build businesses by investing in them.

Having ceded effective control of its telecommunications and power arms into joint ventures with the Germans and French, GEC's future lies in Marconi and, possibly, other areas of the still fast-growing electronics industry. That will require long-term vision and a willingness to take short-term risks.

With such a fat cheque book, Mr Simpson has an opportunity that comes to very few businessmen – a real chance of re-inventing a moribund industry where Britain still has the will and expertise to succeed. Mr Simpson may make light of the task that faces him, and the hope that many are investing in him, but it is in truth a heavy weight of responsibility that is being placed on his shoulders. Let's hope he's up to it.

BA link-up may never get off the ground

British Airways' plans to set up a code sharing arrangement with American Airlines seem rapidly to be sinking into the

regulatory mire. BA was yesterday dismissing as a minor irritant the announcement from Brussels that it too will be looking into the planned get-together, but the European interest may well prove rather more serious than that.

The way BA figures it, Brussels will be hard pressed to ban its code sharing with American because similar alliances at Lufthansa and KLM have already been sanctioned by their respective national authorities. If Brussels wanted to ban the lot, so be it. They'd all be in the same boat and BA probably wouldn't be too unhappy. But surely not even Brussels would consider blocking BA's plans while allowing the others to continue.

Well actually it might. BA's link-up with American is in a different league to the ones that have gone before and involves a much larger concentration of market power. It would be easy for the Commission to turn round and say: "OK, the others just about got through, but this one doesn't." In the meantime the deal faces the prospect of an MMC investigation in the UK as well. On the other side of the Atlantic, rival American airlines insist that the open skies policy promised as a quid pro quo for allowing the link-up is pointless without stripping BA of a very substantial proportion of its London airport landing rights slots. As far as BA is concerned, this is not up for negotiation.

This one looks set to run and run. Indeed there is a real prospect of it running for so long that it will never happen at all.

Capel ends Warburg's five-year reign

PATRICK TOHER

SBC Warburg's five-year tenure as the City's top-rated research house ended yesterday when NatWest Securities clinched the 23rd Extel survey of investment analysts.

James Capel, the broker that dominated the table throughout the 1980s and which is now owned by HSBC, rose from fourth position to just pip SBC Warburg for second spot.

"The result particularly reflects NatWest's foremost position in the UK sectors," said Geoffrey Osmint, consulting editor of the survey which is weighted by the size of funds managed by those institutional investors who voted.

NatWest also walked away with the award for the best sector coverage. This was won for the third year running by its oil team led by Fergus MacLeod who narrowly beat off a strong challenge from the textile and apparel team at BZW, led by Julia Blake.

Mr MacLeod, who also won the best individual analyst's

The 23rd Extel survey all-sectors league table

1995	1996
1 (2) NatWest Securities	1 (2) NatWest Securities
2 (4) HSBC James Capel	2 (4) HSBC James Capel
3 (1) SBC Warburg	3 (1) SBC Warburg
4 (7) UBS Ltd	4 (7) UBS Ltd
5 (3) BZW	5 (3) BZW
6 (6) Merrill Lynch (aka Smith New Court)	6 (6) Merrill Lynch (aka Smith New Court)
7 (5) Kleinwort Benson Securities	7 (5) Kleinwort Benson Securities
8 (8) ABN AMRO Hoare Govett	8 (8) ABN AMRO Hoare Govett
9 (10) Morgan Stanley International	9 (10) Morgan Stanley International
10 (9) Goldman Sachs International	10 (9) Goldman Sachs International

title ahead of HSBC James Capel's engineering specialist Charles Burrows, was notable by his absence at yesterday's London Guildhall lunch, which has become the "Brit Awards" for brokers.

Instead it fell to Mr MacLeod's colleagues, Suzy Mayne and David Atkinson, head of equity research, to accept the award on his behalf from Alis-

tair Darling, Labour's City spokesman. "Fergus is off trekking in Pakistan for a few weeks," Ms Mayne said afterwards. "He has just finished a 300-page oil document so he needs some well-deserved rest."

The survey's findings are another blow for SBC Warburg, formed last year after Swiss

Bank Corporation paid £800m for SG Warburg's investment banking activities. Since the merger the investment bank has been hit by high-level defections from its corporate finance side which observers say has affected its securities business.

The results also show that UBS leap-frogged three places to take fourth position, ahead of BZW which fell two notches to number five. UBS was helped by more votes for its European research, which is rated second only to SBC Warburg. Merrill Lynch, which includes broker Smith New Court, and Kleinwort Benson, owned by Germany's Dresdner Bank, stayed at number six and seven respectively in the peck-



Voted the best: David Atkinson and Suzy Mayne, members of NatWest's top-rated analysts' team, receiving awards yesterday

ing order of stockbroking firms. The awards are often criticised as being an excuse for highly-rated analysts to rack up the telephone number salaries they already command. Last year, for example, NatWest's pharmaceutical analyst, Steve Pigg, caused a stir among colleagues

when he was poached by rivals BZW for significantly more money after being voted best individual analyst. Mr Pigg was on gardening leave when this year's poll was being conducted. But yesterday Extel denied the survey determined the level of analysts' remuneration. "We

only report the fund manager's opinions of the quality of analysts' work," Mr Osmint said. "Only those who employ them can gauge their revenue potential. Experience would show there is not necessarily a direct correlation between earnings power and an analyst's ranking."

IN BRIEF

• The European Commission admitted that it could not tell whether Credit Lyonnais, the state-owned bank undergoing restructuring following an injection of French government aid, was meeting the conditions set for it by the EU. Karel Van Miert, European competition commissioner, said regular progress reports agreed with French authorities before aid was waved through were lacking "some elements". Mr Van Miert declined to give any timeframe for the French authorities or to specify whether he will reopen the Commission's inquiry into Credit Lyonnais.

• Visa International, the credit card company, has backed away from plans to stop member banks from issuing rivals' credit cards after talks with the European Commission. US-based companies American Express and Dean Witter Discover & Co had complained in January that any ban would be anti-competitive.

• Orient-Express Hotels, a subsidiary of Sea Containers, has acquired the luxury Reid's Hotel, in Madeira, from the Blandy Group for an undisclosed sum. Blandy said yesterday that Reid's future was best served by being part of a larger hotel group. The proceeds of the sale will be used to consolidate various Blandy shareholdings and to finance investments in new areas in Madeira.

• Like-for-like sales at Sainsbury's supermarkets grew by 3.3 per cent excluding petrol sales in the last two months. The increase is far lower than recent figures from rivals such as Asda and Tesco. Petrol sales are "significantly" below last year's level due to the petrol price war. Sales at Homebase are up 8 per cent and those at Texas Homecare are up by 1 per cent. All the Texas stores will be re-branded as branches of Homebase by October.

• Shell Oil has reached agreement with several partners, including BP Exploration, Conoco and Exxon, to develop a \$1.45bn (£1bn) deep-water oil and gas platform in the Gulf of Mexico. The project, called Ursa, will reach production rates of 150,000 barrels of oil and 400 million cubic feet of gas a day.

Blair wins business vote of confidence

MICHAEL HARRISON
Birmingham

Tony Blair yesterday took a big step towards reassuring the business community that Labour could be trusted in power and that its economic and industrial policies would not be hijacked by the hard left.

Business leaders attending the annual conference of the British Chambers of Commerce in Birmingham gave an overwhelming vote of confidence to the Labour leader as he spoke out the party's plans on taxation, the economy, labour relations and education, trade and Europe.

Delegates said that Mr Blair had received a warmer welcome than the President of the Board of Trade, Ian Lang, who spoke on Tuesday, and had gone a long way to laying the ghost of Labour's interventionist past.

In a foretaste of Labour's Road to Manifesto document being unveiled today, Mr Blair pledged that its economic policy once in power would be based on "save and invest, not tax and spend".

He repeated his pledge to work for sustainable non-inflationary growth, saying Labour would set and stick to an explicit low target for inflation and would not indulge in a dash for short-term growth.

He also pledged that although Labour supported the Social Chapter and a minimum wage, any new measures would only be introduced after consultation with business and if they enhanced Britain's competitiveness.

On regulation he promised a

"lean but effective" regime which did not tie business up in unnecessary bureaucratic knots. Labour would also be in the forefront of promoting free trade and opposing protectionism while it would give Britain a leading role in determining Europe's future.

But above all Mr Blair sought to persuade his audience that Labour's economic policies would not alter once in power and that the idea of the hard left



Road show: Tony Blair sets out to lay a ghost

just waiting until it got into office to reverse its policies was "ridiculous".

He said: "We say what we mean and we mean what we say. The old ideologies are dead. The traditional divisions between left and right over business are a thing of the past."

He said it was fundamentally unhealthy that business had a history of siding with one political party against another. But there had been a transformation in the understanding

and trust of Labour in the business community.

Robin Geldard, the past-president of the British Chambers of Commerce, said afterwards that Mr Blair had done much to allay the fears of the business community although his successor, David Richardson, cautioned that the Labour leader's ability to hold the line might depend on the size of his majority.

Bob Moore of the Birmingham Chamber of Commerce, said that Mr Blair had received a warmer response than Mr Lang and had captured the mood of optimism. "What we saw today was a pragmatic and professional approach. There is an increasing sense that business would be comfortable working with either party," he said.

John Townsend, chairman of the Association of East Midlands Chambers of Commerce and Industry, said: "Blair is convincing quite a body of the business community that Labour is a party with which we can work. There is nowhere near the apprehension that there was only five years ago."

Other delegates went further, saying that the Labour leader had moved directly into territory occupied by the Conservatives and that fears about the Social Chapter were vastly overstated.

Roger Chanley, chief executive of the Lincolnshire Chambers of Commerce said that businessmen there already had experience of a Labour-controlled City Council in Lincoln and it had worked well. "If there is to be a Labour administration we would seek to work with it."

Bank of China plans HQ in London

The Bank of China has decided to locate its new merchant bank headquarters in London, adding to the long list of international institutions which have opted recently to put their key decision makers in the City, writes Peter Rodgers.

Investment bankers believe the decision has already been made in Peking but not confirmed in public because of the tension between China and Britain over the future of democracy in Hong Kong.

Haruko Fukuda, deputy chairman of the Japanese securities firm Nikko Europe, said she had been told of the decision to opt for a London headquarters by senior officials of the Bank of China.

She said: "The Chinese have recently decided to locate their merchant banking headquarters in London rather than in Hong Kong, or indeed New York. They told me that this is because London is the world's financial centre."

The emergence of London as the central location for Bank of China's new investment banking business is a surprise because the £100bn group has a powerful presence already in Hong Kong, where it owns Bank of China Group Securities, a rapidly growing investment bank.

A spokesman for Bank of China described Mr Fukuda's statement as "premature", because the headquarters of the new merchant bank planned by the group was "not necessarily going to be in London."

More 'villages' threaten the high street

NIGEL COPE

Britain's largest developer of factory shopping centres is to open a further four "villages" in the UK by the end of the decade. The new centres will cost £250m to build and add almost 1 million square feet of retail space, largely out of town.

The developments will fuel concerns that UK high streets

will continue to suffer in spite of stricter planning guidelines. The new centres will open near junction 28 on the M1 between Derby and Sheffield in late 1997, in Ashford, Kent, in 1998 and later in York and Briggend, Wales. Only the Ashford site is in the town centre.

The sites will be developed by BAA McArthur Glen, the joint venture that opened the Ches-

ire Oaks centre in the Wirral last year. Another is due to open in Swindon next year.

Modelled on the factory shopping concept in the US, the centres look to high-profile brand retailers such as Timberland and Ralph Lauren who use the shops to sell excess or unwanted stock at lower prices. Other sites are the Clark's Village in Street, Somerset, and

Bicester Village, Oxfordshire. Joey Kaempfer, BAA McArthur Glen's chief executive, said: "There is room for around 15 large centres in the UK with the current planning restrictions."

He denied that the new developments would undermine local high streets. "Some retailers who open in our centres, say their local town centre branches benefit as a result."

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market report/shares

TAKING STOCK

Office equipment supplier Danka blots its copybook



MARKET REPORT

DEREK PAIN

Stock market reporter of the year

A week is a long time in the stock market. Witness the fate of Danka Business Systems. Last week it was riding high. True, it had missed becoming a constituent of the FTSE 100 index but it seemed set to mount another powerful bid to join the exclusive blue-chip club when membership is reviewed in September.

But the office equipment group has blotted its copybook and Footsie dreams have evaporated. A surprise profit warning has sent the glamour-rated shares crashing, yesterday they fell 35p to 448p making a crushing 237p fall since the caution became known last week. They reached 848p in May when Danka's market capitalisation approached £2bn.

The slide, underlining the market's reluctance to take prisoners, has arrested what had been an outstandingly successful run. The shares were a

mere 42p in 1992. They have soared as, seemingly defying the odds, Danka made startling profits progress, helped by a succession of acquisitions. In the year to end-March it produced £53.9m and analysts pencilled in a confident £80m or so for the current year.

Although most observers still expect profits of the Florida-based group to advance this year, say to £73m, the Danka experience shows that high-flyers have little, if any, room for disappointment.

The mostly US investors who stumped up £129m in a placing at the equivalent of 683p in February must be feeling particularly miffed.

Danka was not the only share to sink in another lacklustre session. Allied Domecq, the struggling drinks group, found yet another low, off 4p at 445p, and Hanson continued to ignore the alleged benefits of its four-way demerger, los-

ing 25p to 173p. Footsie fell 11.6 points to 3,714.1 and there was not even the redeeming feature of much activity in the rest of the market.

The Ken and Eddie meeting came and went without any interest rate change but in the US the rate fixing FOMC meeting could, it was feared, lead to higher transatlantic rates.

With Wall Street closed today and any activity tomorrow likely to be unsettled by the unpredictable US employment figures as well as any interest rate move, there was an investor reluctance to get too deeply involved.

But the odd take over story flickered. Utilities were helped

a little by the disclosure that Labour's proposed windfall tax already needed redrafting. East Midlands had the added advantage of bid talk, gaining 22p to 565p. A US strike - yes again - was the buzz. MAID, the on-line information group where Reuters is said to be displaying interest, gained another 11p to 296p.

Yorkshire Ties TV, Tuesday's star bid candidate, held most of its gain, closing just 3p lower at 1,235p. Granada, the favourite to pounce, gave up 11p to 838p. Pearson, said to be near to selling its Westminster newspaper chain, lost 18p at 644p.

General Electric Co led blue chips as Lord Weinstock produced his last set of results as managing director. The better-than-expected profits and dividend lifted the shares 12p to 363p in busy trading.

Pilkington's meetings with analysts had little impact with the glass maker's shares unchanged at 183p. But paper and packaging group David S Smith, little changed at 277p, shrugged off a downgrade from SBC Warburg, the investment house cut from £130m to £105m.

Redland, the building materials group, shaded 4p to 397p as Mess Pierson lowered its forecast by £5m to £332m. Unilever retreated 17p to 1,257p on Merrill Lynch sell advice.

Shirwood, the clothing group, slipped 9p to 73p following a profit warning. Courtland Textiles lost 10p to 344p in sympathy.

Hopes of defence contracts lifted British Aerospace a few coppers and Warburg support pulled F&I 3.5p higher to 176p. RJB Mining, after its buy-back of 17.1 million shares at 551p through Barclays de Zoete Wedd, dropped 13p to 540p.

Calluna, making miniature hard disks for computers, managed a 1p gain to 89p. The company said it was not aware of any reason for the recent share slide which has cut the price from around 120p.

Falcon, planning to buy much of Amstrad, gained 16p to 425p as chairman David Potter met institutional investors to outline the Amstrad deal.

Newcomers continued to arrive on AIM. They included Circle Communications, a TV rights group, which closed at 185p against the 170p placing. On Office, Robotic Technology Systems touched 40p, closing at 30p against a 20p placing.

Two tiddlers tapped the market for cash. Greenhill, with an American-style restaurant opening in London's West End, pulled in around £200,000 placing shares at 14p and Surrey, a bookie, achieved a similar sum with a 1p placing. It wants the cash to develop golf interests. Greenhills held at 15p; Surrey at 1p.

Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: F Ex rights; Ex dividend; Ex all u United Securities Market S suspended; No Party Paid nil Paid Shares; A All Stock.

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Market leaders: Top 20 volumes

Stock	Volume	Stock	Volume	Stock	Volume
General Elect	200,000	Wool	100,000	Unilever	60,000
National Power	100,000	British Steel	100,000	Scottish Power	40,000
ATA Group	100,000	BT	100,000	Smith & Nephew	40,000
Orkney Shipw	80,000	British Gas	100,000	Colson	40,000
FT	70,000	Merion	80,000		

FT-SE 100 index hour by hour

Open 37293 up 38	11.00 37208 down 51	14.00 37222 down 35
09.00 37228 down 29	12.00 37195 down 58	15.00 37223 down 34
10.00 37219 down 38	13.00 37213 down 44	Close 37241 down 115

Stock	Price	Change	High	Low	Volume
British Steel	176.00	+3.50	176.00	176.00	100,000
Unilever	1,257.00	-17.00	1,257.00	1,257.00	100,000
General Elect	363.00	+12.00	363.00	363.00	100,000
National Power	100.00	+10.00	100.00	100.00	100,000
ATA Group	100.00	+10.00	100.00	100.00	100,000
Orkney Shipw	80.00	+10.00	80.00	80.00	100,000
FT	70.00	+10.00	70.00	70.00	100,000
Merion	80.00	+10.00	80.00	80.00	100,000

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Merion	80.00	+10.00	80.00	80.00	100,000

Stock	Price	Change	High	Low	Volume
British Steel	176.00	+3.50	176.00	176.00	100,000
Unilever	1,257.00	-17.00	1,257.00	1,257.00	100,000
General Elect	363.00	+12.00	363.00	363.00	100,000
National Power	100.00	+10.00	100.00	100.00	100,000
ATA Group	100.00	+10.00	100.00	100.00	100,000
Orkney Shipw	80.00	+10.00	80.00	80.00	100,000
FT	70.00	+10.00	70.00	70.00	100,000
Merion	80.00	+10.00	80.00	80.00	100,000

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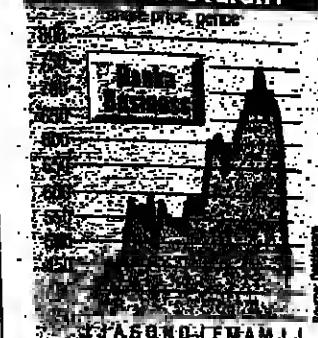
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FT	70.00	+10.00	70.00	70.00	100,000
Merion	80.00	+10.00	80.00	80.00	100,000

DATA BANK

FTSE 100	3724.1
FTSE 250	4366.2
FTSE 350	1733.3
SEAG VOLUME	69.1m shares
29.146 bargains	
Share Index	37.00
	-0.11

SHARE SPOTLIGHT



Stock	Price	Change	High	Low	Volume
British Steel	176.00	+3.50	176.00	176.00	100,000
Unilever	1,257.00	-17.00	1,257.00	1,257.00	100,000
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FT	70.00	+10.00	70.00	70.00	100,000
Merion	80.00	+10.00	80.00	80.00	100,000

26
business

Small firms create more jobs, and other myths

I was a grim start to the working week. On Monday, three employers - shoe manufacturer Clarks, German computer firm Escom - and the London Stock Exchange - between them announced 2,017 job cuts in Britain. Those of a gloomy disposition found the temptation to link the three announcements in a comment on the state of the economy irresistible.

Redundancies always have to be taken seriously, of course. But the trouble with monitoring company announcements is that it is difficult to be systematic. People pick out what they want to see, and many see only confirmation of their conviction that British industry is sliding down a sad spiral of decline. But one day's worth of bad news does not paint a realistic portrait of the job market.

A month's worth of newspaper reports presents a slightly fuller picture. The table shows the job losses and gains that made the news in June - only a tiny fraction of the actual totals. Even so, it shows that job losses and gains in a month chosen at random were pretty evenly balanced. In fact, there were slightly more new jobs than redundancies, although, not surprisingly, many more losses than gains were written about the latter.

As the Stanford economist Paul Krugman has made it his mission to point out, you cannot base a sensible view of the world on headline stories about big companies. The reason, as far as the outlook for jobs and unemployment goes, is that flows of jobs created and destroyed in any given period are far greater than the net increase or decrease in employment. Rates of job turnover in industrial economies are astonishingly high. OECD figures show that total turnover or reallocation of

ECONOMIC VIEW
DIANE COYLE

jobs for most countries - that is the destruction plus creation of jobs as a proportion of the workforce - was in the range of 12-20 per cent from the mid-1980s to 1992. There was no marked transatlantic difference in turnover. The one exception was the UK, with an unusually low 9 per cent. And even that corresponds to about one in 11 jobs (that is, around two million) being destroyed or created every year. The high turnover rates compared with rates of net job change of between minus 2 and plus

cycle, which argue that economy-wide shocks cause aggregate fluctuations, are debunked too. The cyclical behaviour of employment across industries is extraordinarily varied. They do not react the same way in recessions.

Recessions are marked by a sharp increase in average job destruction rates and little change in job creation rates, meaning that job turnover rises too. The variation in job destruction over the business cycle is more pronounced among bigger and older

One day's worth of bad news does not paint a realistic portrait of the job market

4 per cent during the same years. It adds up to a lot of churning.

A new book* explores job turnover patterns in American manufacturing, toppling several myths in the process. One myth is that small firms create more jobs. This is true in the gross sense but not net, for small firms destroy a disproportionate number of jobs too. The authors write: "Because high job creation rates typify employers of all sizes, and because the manufacturing jobs base is dominated by large employers, large employers account for the bulk of job creation (and destruction)." The average US manufacturing plant has 1,600 employees.

Standard theories of the business

firms. Smaller and younger firms display a much weaker pattern of boom and bust. These facts suggest that a recession is a period of faster industrial restructuring rather than simply an economy-wide reaction to a common shock such as higher oil prices or a surprise increase in interest rates. An event like this is a trigger, but individual industries and companies react differently. The pace of restructuring subsides during a long recovery. The long-term trend decline in employment in manufacturing is due to slower job creation rather than faster job destruction.

As changes in the underlying job opportunities account for about half

of the moves workers make between jobs or into and out of unemployment, unemployment also rises during recessions. During a recovery, moves into unemployment are dominated by new entrants and re-entrants to the labour market. During a recession, the rise in job destruction is the main reason.

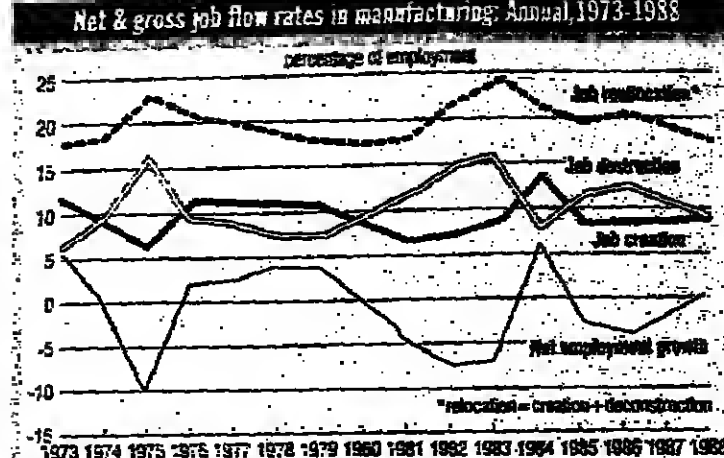
Europeans, however, are far less likely to move from job to job via a short spell of unemployment, so even during good times inflows into unemployment are mainly due to job destruction. In America about one in 12 of the workforce moves into unemployment in an average quarter, and about the same proportion moves out. Both flows into and out of unemployment rise during a recession.

The study, based on the first comprehensive exploration of detailed manufacturing plants during 1973-88, finds that rates of job creation and destruction are remarkably large. About one in 10 manufacturing jobs disappears every year and about as many new ones are created. The minimum in any year was one in 12.

The changes are concentrated on particular plants: two-thirds at plants which are expanding or contracting by more than 25 per cent. Plants that close account for fully a quarter of job destruction. The message is plain: job creation and destruction in the manufacturing sector often involve dramatic events such as the start-up of a new plant or the death of an old plant.

Large scale job flows characterise all sectors of industry. Even shrinking industries display massive job creation and destruction, although the rate of turnover varies widely between industries.

However, high wage and capital-intensive industries experience smaller



JOBS IN JUNE	
GAINS	LOSSES
<ul style="list-style-type: none"> 200, US compressor manufacturer Copeland to build plant in Essex 200, EF and BP polypropylene joint venture in Grangemouth, Scotland 125, Japanese machine tools maker Matsura opening plant at Coswile near Leicester 250, Sony says it cannot fill these new posts in South Wales TV monitor plant 1,000, Interconnection Systems, UK maker of printed circuit boards, to build £120m Tyneside plant 300, Quintiles, US pharmaceutical company, in new Scottish factory 	<ul style="list-style-type: none"> 20 aged by IBM in Greenock, Scotland Up to 1,000 to be cut by retailer WH Smith in restructuring 900 redundancies in tyler post-merger shake-up
Total gains: 2,175	Total losses: 1,920

gross job flows. High wage jobs - typically in big firms - are more durable, and there is much faster net growth in jobs in high wage and high productivity industries. The figures confirm that job opportunities for the low-paid have shrunk during the 1970s and 1980s. The book concludes: "This large-scale, pervasive, and continuous

reshuffling of job opportunities speaks a constant reallocation of production activity in the US... and other advanced market economies. What does this picture of constantly shifting activity, mainly within but also between industries, imply for economic policy?" For one thing, it highlights the pit-

falls in the very popular types of policies targeted on particular categories of company - say small businesses or companies investing in particular regions. For businesses are likely to have extremely diverse reactions to the incentives on offer. The outcome in terms of the number of jobs created is unpredictable, with individual companies likely to behave in entirely different ways, the new research suggests. It also indicates that big businesses will create more and longer-lasting jobs than small companies.

Secondly, because workers face a high risk of their job vanishing - a 10 per cent chance in any year - there is a great advantage in having a workforce that is flexible in the sense of having strong basic skills. There is no sense in training people in specific skills because they could well find the relevant job opportunities vanishing.

The third conclusion is that governments should think carefully about the detailed impact of policy measures. Cuts in different types of spending such as defence or road-building will trigger restructuring in certain industries or regions. These could have a bigger impact on jobs than changes in interest rates or taxes.

The final moral is that the constant and massive turnover in jobs - which Joseph Schumpeter, the favourite economist of free-marketisers, would have claimed as part of the "creative destruction" of capitalism - means it is impossible to draw any conclusions from one day's headlines. Dull as it is, we will have to wait for official statistics on the net change in employment to take the economy's temperature.

*Job Creation and Destruction, Steven Davis, John Haltiwanger and Scott Schuh, MIT Press, June 1996, £23.50.

Foreign Exchange Rates

Country	Spot	1 month	3 months
US	159.90	5.3	7.4
Canada	121.1	11.3	10.7
Germany	237.77	48.41	140.10
France	80.80	33.10	263.33
Italy	239.28	48.62	142.14
Japan	172.50	75.70	225.28
ECU	125.57	55.11	142.98
Belgium	48.84	20.7	32.25
Denmark	3.615	59.16	448.23
Netherlands	266.64	65.57	170.4
Ireland	0.7579	7.3	20.14
Norway	0.140	20.49	59.04
Spain	169.28	21.31	69.46
Sweden	24.05	0.4	1.9
Switzerland	156.66	40.46	125.50
Malaysia	3.8650	0.4	0.4
New Zealand	2.2355	43.57	133.65
Saudi Arabia	55.70	0.0	0.0
Singapore	2.2036	0.0	0.0

Other Spot Rates

Country	Spot	1 month	3 months
Argentina	15.75	0.997	0.997
Australia	67.338	10.737	10.737
Brazil	15.75	10.737	10.737
China	12.952	0.300	0.300
India	54.472	3.950	3.950
Kuwait	0.4677	0.2899	0.2899

Forward rates quoted high to low are at a discount; subtract from spot rate to get forward rate. For the latest foreign exchange rates call 0800 123 0033. Cals cost 36p per minute (cheap rate) 43p other times.

Interest Rates

Country	Rate	Yield	10yr yield
UK	5.75%	5.75%	5.75%
Germany	5.75%	5.75%	5.75%
France	5.75%	5.75%	5.75%
Italy	5.75%	5.75%	5.75%
Japan	5.75%	5.75%	5.75%
US	5.75%	5.75%	5.75%

Money Market Rates

Country	Rate	Yield	10yr yield
UK	5.75%	5.75%	5.75%
Germany	5.75%	5.75%	5.75%
France	5.75%	5.75%	5.75%
Italy	5.75%	5.75%	5.75%
Japan	5.75%	5.75%	5.75%
US	5.75%	5.75%	5.75%

Tourist Rates

Country	Rate	Yield	10yr yield
UK	5.75%	5.75%	5.75%
Germany	5.75%	5.75%	5.75%
France	5.75%	5.75%	5.75%
Italy	5.75%	5.75%	5.75%
Japan	5.75%	5.75%	5.75%
US	5.75%	5.75%	5.75%

Life Financial Futures

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Life FT-SE Index Option

Series	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Energy

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Commodity Indices

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Industrial Metals

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Precious Metals

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Other Softs

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Latest Unit Trust Prices

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Stock

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Bond

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Commodity

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
Short Call	50.0	50.0	50.0
Long Put	50.0	50.0	50.0
Short Put	50.0	50.0	50.0

Stock

Contract	Settlement	High Low	Open
Long Call	50.0	50.0	50.0
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Short Call	50.0	50.0	50.0
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Stock

Contract	Settlement	High Low	Open
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Crown Estate profits: Record results for the owner of Pall Mall and a large chunk of Regent Street

Taxpayers take £94m from royal property

PATRICK TOOMER

The Crown Estate, owner of Windsor Great Park and prime central London estates, including Pall Mall and large tracts of Regent Street and Kensington, yesterday capped an eventful year by announcing record results most property companies would die for.

And for once, the highest winners will be not be shareholders, but taxpayers.

Under the terms of a deal struck with a cash-strapped King George III in 1760, the monarch agreed to hand over the entire revenue surplus of the Crown Estate in return for the Civil List.

It is a constitutional settlement the monarchy has lived to regret. Payments under the Civil List currently cost the nation £7.9m a year, whereas the Crown Estate will hand over a cheque to Chancellor Kenneth Clarke for £94.6m, 11.5 per cent more than a year ago.

According to Christopher Howes, the Crown Estate's chief executive, the upkeep of the Royal Family, including head of state expenses, costs about £50m a year, "substantially less than our surplus".

The value of the Crown Estate's core property holdings, which also include almost 210,000 acres of agricultural land, Scottish fish farms and a retail park at Altrincham in Cheshire, rose a tenth to £2.2bn.

"These excellent results undoubtedly position the Crown Estate right at the forefront of the UK's leading prop-

erty investment companies," said Sir Denys Henderson, the former boss of ICI and Zeneca, who took over as chairman in August.

The Crown Estate has increased its revenue surplus every year for the past decade, showing strong growth right through the recession when many property companies plunged into loss. Mr Howes forecasts that the revenue surplus will break through the £100m barrier in the year to March 1997.

Mr Howes attributed its success to the discipline of having no borrowing powers. Unlike the Church Commissioners, which lost hundreds of millions financing development with debt, the Crown Estate can only invest with cash raised from asset sales.

The Crown Estate courted controversy last year when it became embroiled in a row over the felling of ancient oak and lime trees in Windsor Great Park.

The felling of oaks in Queen Anne's Ride was halted after representations to Buckingham Palace from conservationists and protests from local councils, residents and activists who camped in tree-houses.

Prince Philip later approved plans for restoring the park avenue, preserving 20 trees he had originally intended to cut down.

After conducting a review of plans for restoring the three-mile long avenue, first planted in the 1720s, the Crown Estate decided that the oldest oaks



Prime site: Much of London's Regent Street is owned by the Crown Estate, which has just announced a record year

which survived the chainsaws would be preserved.

The Crown Estate also owns over half the UK's foreshore and almost all of the seabed out to the 12-mile territorial limit. Mr Howes admitted that

dealing with the recently privatised water companies and port authorities had forced the Crown Estate to adopt a more commercial approach, but he dismissed suggestions that the Crown Estate itself

might one day be privatised. The annual report, also published yesterday, revealed that Mr Howes' pay, including performance-related bonuses, rose to £135,237 from £103,982. He also received a £13,297 termi-

nal bonus on the expiry of his contract. A new, two-year contract was subsequently signed. Mr Howes defended his salary package. "I'm not a fat cat," he said. "In fact I'm rather a thin one."

City bids and deals yield £500m in fees

PETER RODGERS
Financial Editor

Bankers, brokers, accountants, lawyers and public relations firms earned £500m from City bids and deals in the first half of the year and are on course to top £1bn for 1996, the magazine *Acquisitions Monthly* said yesterday.

This would be their most lucrative year, eclipsing the previous record of £950m at the height of the merger mania of the 1980s, when fees reached £950m.

Philip Healey, editor of the magazine, said: "The frenzied activity in the first half of 1996 had to be paid for and it did not come cheap."

In the first six months, there were 729 acquisitions worth £27.3bn, with the highest number of public company bids since 1990. The period also saw enormous shifts of position among the big investment banks, with Barings, owned by ING, dropping from top position in 1995 to 11th with £3.2bn

of public and private mergers and acquisitions.

Union Bank of Switzerland shot up the league table from 20th in 1995 as a whole to fifth in the first half of 1996, with 10 deals worth £4.7bn. By number of transactions, it was top for public company bids, advising on nine. BZW was another riser, up from 17th to sixth.

Bids and deals among the utilities continued to be one of the main sources of income, but the Granada takeover of Forte and the Rentokil battle for BET were among the other takeovers that helped the fees bonanza. As a result of advising on these two takeovers, Lazards topped the list with £7.25bn.

Among private deals, Lazards advised Liverpool Victoria on the acquisition of Frizzell Group and Firstbus on its purchase of several bus companies.

SBC Warburg rose from third to second place with £6.8bn of deals, including 43 in which it acted for the Government on the sale of British Rail assets.

Advertiser	Public deals No.	Public deals Value £m	Private deals No.	Private deals Value £m	Combined total Value £m
1 Lazards Brothers (2*)	4	5,967	15	1,281	7,248
2 SBC Warburg (3)	5	4,725	55	2,093	6,818
3 Goldman Sachs (6)	4	4,127	12	1,240	5,367
4 Morgan Stanley (4)	2	4,105	4	812	4,917
5 UBS (20)	9	4,878	1	777	5,655
6 BZW (17)	3	3,890	5	289	4,179
7 NM Rothschild (5)	6	4,370	2	138	4,508
8 Merrill Lynch (1)	4	1,880	13	2,115	4,000
9 Hambros Bank (16)	4	3,503	7	567	4,070
10 Schroders (7)	4	3,388	10	821	4,209
11 Barings Brothers (1)	1	1,581	16	2,202	3,783
12 Deutsche Morgan Grenfell (3)	4	741	16	2,202	2,943
13 J.P. Morgan (15)	1	1,487	5	371	1,858
14 Goldman Sachs (10)	1	1,251	14	345	1,596
15 HSBC Samuel Montagu (3)	5	1,251	56	1,483	2,734
16 Ernst & Young (19)	1	13	54	1,222	1,235
17 Cappers & Lysons (1)	1	1	40	1,208	1,209
18 Pricewaterhouse (1)	1	227	5	330	557
19 Robert Fleming (1)	1	4	57	95	61
20 Deloitte & Touche (1)	1	4	57	95	61

*1995 full year ranking. This table is based on the first half public and private deals positions plus UK private transactions completed between 21 December and 21 June 1996. Source: *Acquisitions Monthly*.

Market abuse targeted by Large

PETER RODGERS
Business Editor

Sir Andrew Large, chairman of the Securities and Investments Board, yesterday called for a change in the law to make it easier to bring civil proceedings against market manipulators and to publish the names of people banned from the City.

Speaking at a London conference a fortnight after the Sumitomo affair revealed massive and long-standing manipulation of the copper market, Sir Andrew said the financial services legislation was drafted more for investor protection than supervision of the markets.

The regulators had limited scope to act against market abuse on their own and their power to investigate suspected

abuse outside the authorised firms was extremely limited, he said.

Unlike the US Securities and Exchange Commission, SIB's powers were limited to supervising exchanges rather than the broader issue of controlling market manipulation.

The UK system concentrated on enforcing good conduct on businesses authorised to work in financial services. But market manipulation and insider dealing frequently took place among people who were not running authorised businesses.

Sir Andrew said there was a credibility problem with criminal prosecutions for offences such as market manipulation and insider trading, because of the height of the hurdles that had to be mounted to succeed in court.

He added: "Abuse by the unregulated often seeks to exploit the benefits of regulated markets and yet undermines investor confidence in them. There are lessons we can learn from those countries which have chosen to adopt non-criminal remedies as part of their overall approach to dealing with cases of market abuse."

Sir Andrew said he did not want to criminalise market abuse and there would always be cases that merited prosecution. "But I do think that we should consider seriously the possibility of introducing civil powers, whether administratively or through the courts."

This would allow regulators to deal with cases that did not merit criminal prosecution. They could levy fines, order profits to

be given back and make restitution to victims, whether or not the perpetrators were authorised investment businesses.

Sir Andrew also said the investor protection system needed to be improved. There were 20 different recognised bodies, which made the system difficult to understand, and some "strange anomalies" such as the ability of firms to choose their own regulator.

Sir Andrew also found it strange that the law limited SIB's scope for publicising the names of people banned from operating in the City. He also wanted changes in the legal framework under which some of SIB's investigative powers could only be used if one of the other regulatory bodies asked it to intervene.

Andersen's political double-act

CITY DIARY
JOHN WILLCOCK

Andersen Consulting is fielding two candidates in the next general election who, if successful, will face each other on opposite sides of the House.

Patricia Hewitt and Mary Macleod have been selected as prospective candidates by the Labour Party and Conservative Party respectively.

This might have embarrassed some employers, but not Andersen Consulting's UK managing partner James Hall: "Although they have different political views, they share with all of us at Andersen Consulting a real commitment to the future of Britain," he says diplomatically.

Ms Hewitt made her name as general secretary of the National Council for Civil Liberties, a post she held for 10 years. This week she was selected to stand for Leicester West, already a Labour seat.

Ms Macleod, on the other hand, will have to overturn Liberal Democrat Charles Kennedy's 6,000 majority in Ross, Skye & Inverness. "There's all to play for," says Ms Macleod, who went to school in the constituency.

So do the two candidates swap debating points over the



Agreeing to differ: Patricia Hewitt (left) and Mary Macleod

photocopier at work? Ms Macleod says: "I don't actually bump into her. The first time I met her was for the photo this week."

The latest joke doing the rounds in Moscow: "There is

no truth in the rumours that Yeltsin is ill. He has had several meetings with Brezhnev in the past week."

A sticky moment at Sainsbury's AGM. A shareholder gets up and asks why no directors were nominated in the latest Queen's Honours List.

After all, he says, you have Sir Alistair Grant at Safeways and Sir Ian MacLaurin at Tesco - why no knights on the Sainsbury team?

The chairman, plain Mr David Sainsbury, rises to reply: "There are already two former chairmen of Sainsbury in the House of Lords, and a third might look ostentatious. But I'm trying hard, and I'll report

back at future meetings." Perhaps it was Mr Sainsbury's bankrolling of the SDP in the 1980s which keeps him a commoner.

You've had inflatable Sumo wrestlers. Now prepare for Human Skittles. American Airlines is holding its annual event at the Broadgate Centre in the City, and this year 48 City teams will battle it out dressed up in giant polystyrene skittle suits. While victims pose as skittles, the other team swings a giant ball at them.

British Airways, whose plan to team up with American Airlines is being hotly debated, is also involved. Virgin's Richard Branson has not been invited to field a team, however. An American spokesman explains: "They're not based in the City."

How will the great publicist hit back, I wonder? Human clay pigeon shooting, perhaps?

Talking of Mr Branson, the Virgin boss has just awarded air stewardess "wings" to Lisa Leeson, wife of Nick, the Barings trader now doing time in Singapore. Mrs Leeson, 27, joined Virgin in the normal way and completed a six-month training course.

The job guarantees her cheap flights to visit her husband at the notorious Changi prison, where he is serving a six-and-a-half-year sentence. Nick Leeson is allowed two 20-minute visits each month, but his wife could not afford the £600 return air fares from her job as a waitress in a Maidstone tearoom.

World Class

Today, on the occasion of the 1996 London Business School Summer Congregation, we acknowledge and congratulate the following degree students in completing the Full-time MBA Programme at London Business School. They come from 41 countries and will be working with the world's top employers. We wish them all the best.

Don Addington	Aidan Douglas	Michael Lennox	Yoshikatsu Shinozawa
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Stephano Bey	Melissa Gall	Michael Narrey	Wen Yu Tseng
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sport

Britain's sharpshooter locked on target for Olympic spree



In a quest to improve the goal-scoring strike rate of the Great Britain men's hockey side, David Whittle, the manager, has been using a speed gun to clock Calum Giles' shooting from penalty corners during training this week at Bisham Abbey, writes Bill Colwell.

The management of the Great Britain squad, who today meet Italy

in their final international before departing for Atlanta on Sunday, borrowed the Unipar speed gun from the Lawn Tennis Association.

Giles is in the team specifically to convert penalty corners. He dashes from the team bench when a corner is awarded to do his deadly striking. Some coaches have doubted the validity of employing a person just to

attempt to convert penalty corners, claiming it is chivalrically wrong. A Dutch coach went as far as saying it was a form of cheating.

David Whittle, the former England and Great Britain coach, took the view that if the rules of the game allow it, and he could turn it to Britain's advantage, then he would do so. Giles met with immediate suc-

cess: his nine goals in his first major tournament – the European Cup in Dublin last summer – during England's seven games made him the first Englishman to win the European Cup top goal-scoring trophy.

Further success followed, notably in the Olympic qualifying competition in Barcelona earlier this year when he netted eight of

Britain's 17 goals. Since Barcelona things have not been going well for the 23-year-old from Havant, though. First a hernia operation, then a change of sticks, then hiccups in the corner drill involving push-outs and stick stopping, with the result that he has now failed to score in his last five internationals. Worse still, goals have been in short sup-

ply from the rest of the team. In the initial practice sessions at Bisham, Russell Garcia, the surviving gold medalist from the Seoul Olympics, had the edge on Giles and was averaging in excess of 60 miles per hour. Undaunted, Giles has pressed on with his regular practising, and yesterday he achieved a 62.9mph strike as he regularly flashed the ball

past the goalkeepers Simon Mason and David Luck.

Whittle said there was pressure on Giles to justify his selection and keep pace with his team-mates. If the help of the gun and competition from Garcia has turned the corner for Giles, Britain's Atlanta prospects will be significantly improved.

Photograph: Robert Hallam

Attacking England risk failure

DEREK PRINGLE

Cricket Correspondent

Trent Bridge was awash with puddles yesterday, causing the England and India teams to cancel net practice in favour of shopping and work-outs in the hotel gym. With the pitch under covers, England's only move was to pack Ian Salisbury off to Arundel, where Sussex are playing Hampshire.

Apparently the state of the pitch does not warrant playing a second spinner in today's Third Test. This means that Mike Atherton fields questions about England's chances in today's Third Test against India

But, whichever team the selectors finally decide on, it will be the 24th Test in a row not to have fielded the same 11 as the previous Test. So far this summer most of us have applauded the selection panel, particularly some of its more imaginative choices. Yet, if we go back to the First Test, there is a clear lack of logic in playing Ealham.

At Edgbaston, the line given was that if a spinner played, then Imani (an all-rounder) would play and not the extra batsman (at that stage John Crawley). In fact, Patel played and Imani hit a memorable cameo to give the England innings some much-needed momentum. However, for the Second Test at Lord's, the spinner was left out. But, instead of playing the extra batsman, Imani again batted at No 6 and was used sparingly as the fifth seamer.

Now, with Patel reselected, the original situation has returned once more, though this time it is Imani who is likely to sit things out. With England one up and India likely to play a second leg-spinner in Narendra Hirwani, it still seems curious

victory here is crucial to both teams: salvaging pride for India while reinforcing claims that England are at last becoming a consistent Test force.

However, as the latter is usually associated with continuity of selection, England are again flaunting convention by changing their side. Having been mugged at Lord's, Patel is certain to play, and although Imani's batting played an important role in helping to save the game there, the balance of the side at Trent Bridge appears to have tilted towards the ball. As such, Ealham's superiority as a fourth seamer is likely to be favoured.

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Mike Atherton fields questions about England's chances in today's Third Test against India

Photograph: Peter Jay

that England, despite their laudable claims of going for a win, should risk leaving themselves wide open by batting Russell – despite his century – at No 6, particularly on a pitch, should the weather hold, that will probably begin to turn by the fourth day.

The inclusion of Hirwani for the wayward Paras Mhamrey is not the only change India are likely to make in trying to level the series, and the enhanced

performance in the last Test has clearly given Mohammed Azharuddin and his men a new boldness of heart. Thanks to Sourav Ganguly and Rahul Dravid adding new steel to what had been up until Lord's a one-man batting order, India can at last afford to attack. This inevitably means dropping a batsman in favour of playing another bowler and, in all likelihood, the strapping seamer Salil Ankola will join forces with Jagajal Sri-

nath and Venkatesh Prasad, at the expense of Ajay Jadeja.

At Lord's, England were perhaps fortunate to escape with a draw but, if the pundits for that went to the batsmen, England were rightly fined for keeping a slovenly over-rate during India's marathon first innings.

As Atherton pointed out yesterday, once the taxman has had his 40 per cent slice of the match fee and the ICC theirs, there is not a lot left for the play-

er. Whatever England claim, a draw will suit them here. Thankfully, last week's fine should ensure it is achieved without resorting to slow over-rates.

England (v India, Third Test, Trent Bridge, starting today) (From: M Atherton (capt), A J Stewart, N Hussain, G P Thomas, G A Hick, R C Irwin, M A Ealham, R C Russell (wkt), C C Lewis, D G Cork, M M Patel, A D Mully, S C Ganguly, S R Tendulkar, M Azharuddin (capt), R S Dravid, A Kumble, S A Anand, B K V Prasad, H D Heward, S L V Raju, S V Muralidharan.

Umpires: G Sharp (Eng), K T Francis (Sri Lanka). TV replay umpire: D J Constant.

Rough spell ahead for swinging Els

Golf

TIM GLOVER
reports from County Wicklow

If you are not familiar with Druids Glen, the venue for the Murphy's Irish Open, it is because the course has yet to celebrate its first birthday. However, they like to say it has been hundreds of years in the making. The place owes its name to the high priests who worshipped in the thickly forested countryside in the fifth century.

As a reminder of their presence here (the folklore has it that they were such a fearsome bunch they repelled St Patrick) a druid's altar remains near the picturesque 12th, a hole that draws more inspiration from the 12th at Augusta National than from any pagan ritual.

Druids Glen has been built with about £14m of Nigerian money and the brief to the designers, Pat Ruddy and Tom Craddock, was to create the finest inland course in Ireland. There are those who think they have pulled it off... and those who don't.

Professional golfers do not refer to what the promoters describe as a "Garden of Eden within the Garden of Ireland" or to the intention to "march them through every emotional vista, from the pathos associated with the ripples on the water of a lake which has just swallowed another ball to the ultimate *apassionata* springing from one's tee shot snuggling close to the pin."

No, they harp on about one thing: the rough. Bernhard Langer, who finished runner up in the French Open last week, said: "It is very long, very narrow, lots of rough. The rough is severe along the fairways and around the edges of the greens. There's lots of water and there are some trees sticking out into where you want to shape your tee shot."

"At 18, I had as good a drive as possible and a three-iron and did not reach the green. When it is calm it is all right but when the wind blows it is going to be extremely difficult. If they play the back tees, two or three under par will win it. They will have to put some of the tees forward."

This is Ernie Els on the same subject: "The rough is tougher than in the US Open in that it is loose here and the ball does not come out the same. At the US Open you could work on a shot and you could bounce the ball out. Here it is very loose and soft. You'll be lucky to get a good shot out of it."

It is also one of the quality clubhouses, once owned, in 1827, by the Bishop of Clogher. The poor man suffered from a skin complaint and was advised to bathe in red wine. His butler siphoned off the wine and flogged it to a pub in Killocoole. The regulars did not complain. Evidently they thought it was full of body...

Els, playing in his first tournament since finishing fifth in the US Open at Oakland Hills, Detroit, has been working on his swing with Bob Torrance.

"My game is not what it was a couple of weeks ago," Els said. "My arms and body are not working together at the moment. It is not far off. Just little things."

Bob's son, Sam, thought the course was in excellent condition, but added: "They've tried to do what they did in the English Open and put grass around the greens. It doesn't suit the course. It is horrific to chip it out." Despite the fact that Torrance won the Irish Open at Mount Juliet 12 months ago, he would like to see the championship return to Portmarnock.

It was, in fact, scheduled for the great links course on the outskirts of Dublin but there was a cooling of relations between the club and sponsors, and the official verdict was that Portmarnock was not up to the required standard.

"I thought it was the best venue, a great test of golf and a great seaside course coming up to the Open," Torrance said. "But you have to think of the sponsors. Dublin is not a great place for Murphy's. A lot of the other black stuff is sold there."

Enter Druids Glen with Pat Ruddy in full swing. "The first task," he said, "is to produce excellent and valid golf. This must be fitted into the landscape with sensitivity and delicacy. After that, golf is entertainment and we make every effort to excite the senses with glorious visions of a lovely landscape, offering all the possibilities for golfing elation or deflation. The tiger within every golfer will always respond."

Colin Montgomerie, who gives the impression he would like to play every week in elephant grass, is that tiger providing, of course, that teddy remains in the pram. "This is a great course," Monty said. "The rough is not too severe. There is no gift and there's nothing wrong with that. The more quality courses the tour plays the stronger the tour will become and this is one of the quality courses."

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Davies chases title

The Swede Annika Sorenstam, the United States Open champion, defends her golf title in the strongest field of the season in the Hennessy Cup, which begins at Refrath, near Cologne, tomorrow.

Eight members of Europe's 1994 Solheim Cup side are in Germany, including two other Swedes, Helen Alfredsson and Lotta Neumann, who have

twice won over the course. Britain's Laura Davies, who won the Evian Masters two weeks ago for her fourth victory of the year, will be chasing an elusive title. Davies, who has stolen a march on her rivals by arriving at the course in her new Ferrari, came closest to winning three years ago when she was beaten in a sudden-death play-off by Neumann.

Cambridge sing the dark blues

NORMAN HARRIS

reports from Lord's
Oxford University 513-6 dec
Cambridge University 164-3

A minor act, Mark Wagh, played the shot of the day and made history in the 151st University match. A quick, twirling motion, the bat assuming the vertical like a flagstick held aloft, saw the ball disappear over the short leg-side boundary. That brought a fleeting image of old-time

dashers like C B Fry, and that was appropriate, since the stroke took the total past the Varsity match's previous record of 503 – made, also by Oxford, in 1900.

Fry was not playing in that one, having made his Dark Blue appearances just a few years previously. The biggest contribution was the 171 – another record – by R E Foster, assisted by, among others, B J T Bosanquet. The 96 years ago Oxford were not invited to bat first, as they were here.

In that context Russell Cake, the Cambridge captain, also made history. An Oxford innings extended almost to lunch (the 1900 version lasted only 20 minutes into the second day) must have come close to embarrassing this cool, intelligent young man. But there would have been frustration, too. Will Kendall, 79 overnight, was again dropped. On the first day, mis-hooking on 11, he was reprimed by two fielders calling for the catch and then cutting. On 89, he was again put down at midwicket.

There were no more chances as Kendall went to his hundred

and then picked up a further 45 easy runs before the declaration. He may have been overshadowed the previous day by Andrew Ridley's 155, but he had batted just as long – four hours – and faced 50 fewer balls.

In gloomy, misty weather, Cambridge's reply began confidently. Captain Cake put himself in first, as if to atone for his sins. If anything he was playing with greater composure than anyone before him, and had just taken 17 from an over when he reached forward to Pierre Du Preez and edged to third slip. Ed Smith and Anurag Singh also played freely against attacking fields. Cambridge's 164 by the end included 18 fours and four sixes, but they had also lost three wickets, including that of Singh – arguably the finest prospect on show here – as he went forward and was given low.

Cambridge's response to the record total in 1900 was to make 392, which also bettered the previous record. They will do well to make that many now, though still well within their compass should be the 1900 result – a draw.

CRICKET SCOREBOARD

Britannic Assurance
County Championship

First day of four: 11.0 today

Sussex v Hampshire

ARUNDEL: Hampshire (10pts) are 82 for 4 in their first innings against Sussex (1).

Sussex won toss.
HAMPSHIRE – First innings:
1 J P Soper (capt) c Davis b Gidkins... 5
2 S J Lacey b b Jarvis... 5
3 D J Jones b b Gidkins... 3
4 R Smith b b Jarvis... 21
5 P Perry not out... 15
6 M Kemp not out... 30
Total (for 4, 37 overs): 82
Fall: 1-2, 2-51, 3-208, 4-214, 5-223.
To bat: J A Armes, S D Uss, J N B Bowl, C A Cornish, S M Mubombi.
Bowling: Jones 15-0-11-2, Gidkins 11-0-20-2, Jarvis 8-2-30-2, Law 6-2-8-0, Salisbury 4-0-12-0.
SUSSEX: C W J Armes, J A Armes, A P Wells, K Greenwell, H Hirst, D E C Llewellyn, P M Wood, I D Hirst, P W Jones, I D Lewis, E S H Gidkins.
Umpires: J C Ballantine and A O'Connor.

Torrey's Challenge Series

First day of three: 11.0 today

Somerset v Pakistan

TAUNTON: Pakistan are 252 for 5 in their first innings.

SOMERSET won toss.
PAKISTAN – First innings:
1 Asim Shahid c Turner b Shaw... 0
2 Shahid Afridi b b Shaw... 21
3 Asim Mugha b b Shaw... 54
4 Inzamam-ul-Haq c Turner b Shaw... 10
5 Shoaib Akhtar not out... 10
6 Rashid Latif not out... 12
Total (for 5, 71 overs): 252
Fall: 1-2, 2-51, 3-208, 4-214, 5-223.
To bat: Waqar Younis, Mushtaq Ahmed, Ata-ur-Rahman, Mohammad Akram.
Bowling: Shaw 15-0-11-2, Llewellyn 19-4-59-3, van Tonder 7-0-28-0, Barry 21-9-47-0, Parsons 2-3-0-0, Doherty 7-0-28-0.
SOMERSET: M N Llewellyn, P D Bowler, M E Thompson, S C Eccles, M A Parsons, S Lee, P J Turner, J D Barry, J J Shaw, A P van Tonder, I E Boppre.
Umpires: V A Holder and D R Shepherd.

University match

Oxford v Cambridge

LODGE: Cambridge, with second first-innings wickets standing, are 349 runs behind Oxford.

OXFORD won toss.
OXFORD – First innings:
1 C M Lewis not out... 60
2 J J Smith c b Shaw... 55
3 A C Riddle c and b Hirst... 150
4 A Veen c Whittall b Whittall... 34
5 W Marshall not out... 145
6 M Barry not out... 27
7 S Mole b b Whittall... 12
8 M A Welch not out... 8
Total (for 4, 27 overs): 138
Fall: 1-34, 2-119, 3-111.
To bat: D R Shepherd, J D O'Brien, A R Whittall, R J Hirst, G R Morris, R W Tennant.
Bowling: Shaw 13-2-75-2, Hirst 11-0-67-1, Mole 2-0-12-0, Thomson 1-0-4-0.
CAMBRIDGE – First innings:
1 R C Riddle c and b Hirst... 23
2 R C Riddle c and b Hirst... 40
3 R C Riddle c and b Hirst... 11
4 R C Riddle not out... 17
5 R C Riddle not out... 17
Total (for 3, 27 overs): 138
Fall: 1-34, 2-119, 3-111.
To bat: J D O'Brien, J D O'Brien, A R Whittall, R J Hirst, G R Morris, R W Tennant.
Bowling: Shaw 13-2-75-2, Hirst 11-0-67-1, Mole 2-0-12-0, Thomson 1-0-4-0.
OTHER RESULTS: Sporting Digest, page 30.

Starting today

11.0 on today

THE CORNWALL ASSURANCE TEST MATCH (First day of three, excluding Sunday): England v India

From Trent Bridge.

BRITANNIC ASSURANCE COUNTY CHAMPIONSHIP (First day of four, excluding Sunday): Sussex v Hampshire

From Arundel.

TORREY'S CHALLENGE SERIES (First day of three, excluding Sunday): Somerset v Pakistan

From Taunton.

UNIVERSITY MATCH (First day of three, excluding Sunday): Oxford v Cambridge

From the Lodge.

BARBICHOPE TROPHY (One day): Gloucestershire v Kent

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SPORT

THIRD TEST: England opt for a policy of attack

TOUR DE FRANCE: Underdogs enjoy a champagne day

Rain clouds quarter-finals day



Pete Sampras (left) battles the power of Richard Krajicek (above) in their quarter-final at Wimbledon yesterday

Photographs: David Ashdown

JOHN ROBERTS
Tennis Correspondent

All the half-forgotten sights have become familiar again, such as dismantling the net post and running the tarpaulin. For the first time for four years, the All England Club's ground staff has been in action more often than the players – one poor chap was trapped under the covers and had to be taken off on a stretcher – and the weather outlook is not promising. There is so little scope for manoeuvre when rain disrupts the championships at this stage that the organisers may have to consider the implications of finishing the tournament next week. Yesterday, when the crowds gathered to see Tim Henman become the first Briton to play in the quarter-final of the men's

singles for 23 years, there were long, frustrating rain delays. The opening men's quarter-finals, featuring Pete Sampras and Richard Krajicek on the Centre Court and Goran Ivanisevic and Jason Stoltenberg on Court No 1, started at 12.35pm, only half an hour later. But the players were back in the locker rooms after 20 minutes. At this stage, Sampras and Krajicek were level at 2-2 in the opening set, and Stoltenberg led Ivanisevic 5-3 and was about to serve for the first set. During the three and a half hours delay, Wimbledon experienced another first. Sir Cliff Richard was on song at the back of the Royal Box with medley of the numbers he recorded long before Yorkshire's Roger Taylor played in the quarter-finals in 1973. When play resumed, at 4.36pm, Krajicek gained the initiative against Sampras.

breaking the three-times champion to 7-5 to take the opening set and forcing the American to save two break points in the second game of the second set. Ivanisevic, having lost the opening set, 6-3, led 6-5 on serve in the second set when rain interrupted the proceedings for a second time, after 32 minutes. Stoltenberg was only one game from the semi-finals after play resumed again, after an hour and 40 minutes. He led the fourth-seeded Ivanisevic, 6-3, 7-6, and 6-5 with the Croat about to serve when rain intervened again. Sampras was two sets down, 5-7, 6-7, and level at 1-1 in the third. The voice of Chris Gorringe, the Club's chief executive, has become a familiar sound again, advising spectators of the latest news from the London Weather Centre. Alan Mills, the referee, was busy pondering the scheduling and wondering how

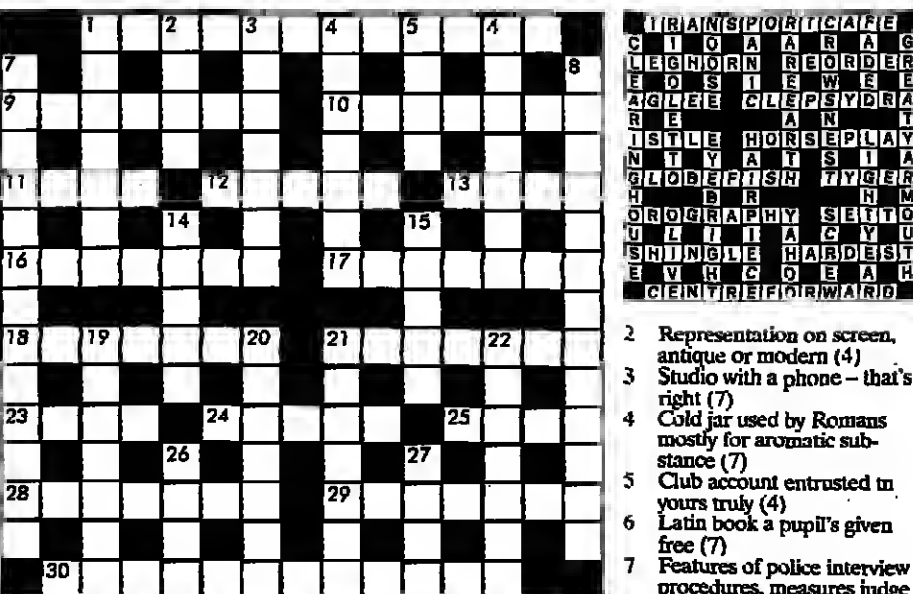
many matches could be squeezed in today along with the women's semi-finals between Steffi Graf and Kimiko Date and Arantxa Sanchez Vicario, due to be played on Centre Court. The last year that Wimbledon became a mecca for umbrellas was 1952, when the tournament was extended to the third Monday. That was when 7,796 spectators were admitted free to watch the mixed doubles final and the conclusion of the men's doubles – John McEnroe and Michael Stich defeating Jim Grabb and Richey Reneberg, 19-17 in the third set, on Court No 1 – and the junior doubles events. On that occasion there had been a good deal of rain following a week of fine weather. Play was washed out on the second Friday, and the men's semi-finals were divided between the Centre Court and Court No 1 on the following day. Steffi Graf defeated Monica

Seles between rain delays on the Saturday, and Andre Agassi won the men's title on the Sunday in five sets against Ivanisevic. In 1991, there was play on the middle Sunday for the first time ever following the worst first week on record. The evening Monday was rain-soaked and only 52 out of 240 scheduled matches were completed in the nine hours and 15 minutes play available by Thursday evening. The tournament, was completed on schedule, Graf defeating Gabriela Sabatini for the women's title and Michael Stich beating Boris Becker in the all-German men's final. Greg Rusedski has withdrawn from Britain's Davis Cup match in Ghana, which starts a week tomorrow, because of a back injury. His place in the team will be taken by Luke Milligan, the 19-year-old from Middlesbrough who reached the third round at Wimbledon. More reports, page 30

THE INDEPENDENT CROSSWORD



No. 3030, Thursday 4 July By Sparius Wednesday's Solution



- ACROSS
- Something done by the Parisians? (4, 8)
 - Like "American Pie", with cool accompaniment? (7)
 - Black horse outside advice centre? (7)
 - Range not right for everyone (4)
 - One German's about to pop inside church alcove (5)
 - Frame for front of garage delivered (4)
 - Choose gold, as foreign Prince, perhaps? (7)
 - Refusal to have posh London school beside theatre (7)
 - Old boy you encountered in France cherishes independence, it's plain (7)
 - Pawnee ultimately obscured by tree is to get kit off (7)
 - Youth returning to English valley (4)
 - Neckwear at Oxford enables one to make connection (3-2)
 - New Age element (4)
 - Boarded out by transport foundation? (4-3)
 - Tree's a variety not originally native to Japan, for instance (7)
 - Singletons in major suit of ten featured in columns? (6, 6)
- DOWN
- Intended to produce shame, penning article on church (7)
 - Representation on screen, antique or modern (4)
 - Studio with a phone – that's right (7)
 - Cold jar used by Romans mostly for aromatic substance (7)
 - Club account entrusted in yours truly (4)
 - Latin book a pupil's given free (7)
 - Features of police interview procedures, measures judge introduced (4-9)
 - What seems to be the attribution rate, according to navigator's calculation? (4, 9)
 - Bore from Southern Germany entertaining excessively (5)
 - Manage to turn up before husband for date? (5)
 - Mount with fiery temperament (7)
 - Tall, thin Deputy Lieutenant with prickly exterior (7)
 - Honolulu air agency? (7)
 - All but loveless? Perhaps, with qualifications (1-6)
 - It's instrumental in helping players to find pitch (4)
 - Potentate's salt spiked with sulphur (4)

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Souness takes on Saints challenge

Football
DERRICK WHYTE

Graeme Souness, on his return to English football two years after his controversial departure from Southampton, was yesterday named as Southampton's new manager on a three-year contract.

"Le Tissier is the most talented footballer in Britain, and if he is honest with himself he knows he could do more than he did last season," Souness said.

"I want to get more out of him and I want to get him back where he belongs – that's back in the England side," Souness added. "With someone of Matthew's ability in your side, you've always got a chance of winning any match. He is a very special talent and he must be treated in a special way. I think that everyone at the club appreciates that, even the other players."

The former Scottish international, sacked by the Turkish club, Galatasaray, at the end of last season, takes over from Dave Merrington, who was dismissed by the Saints last month. Souness will be in charge of team matters at The Dell, with Lawrie McMenemy continuing as director of football, and the new manager said: "As anyone who knows me will tell you, I love a challenge – but we have to be realistic."

"I know that it will be difficult, but I believe that Southampton are a better team than last season's position indicates. The season before they came 10th with more or less the same set of players – and that's what we've got to aim for," Souness added.

"I think I have mellowed a lot. Maybe I am prepared to listen to other people more than I have ever done."

"Don't forget, I was very young when I first became a manager with Rangers. I think I am a better manager now but, of course, only time will tell. I want to make Southampton a place to be feared, a place



where teams will feel uncomfortable. It took me only five minutes in Lawrie's company to convince me about taking the job. He is passionate about the game, and so am I."

McMenemy said: "We are delighted to have someone of Graeme's calibre at the club. He was our first choice. He is someone who will have the respect of both the public and the players. The senior players

report back on Monday, so the timing is right."

The Saints' chairman, Guy Ashken, added: "We hope this appointment proves to the fans that Southampton are very keen to have a future in the Premiership and win things."

The first target for Souness in the transfer market is the defender David Holdsworth, who is moving from Watford for £500,000. The Saints' new manager wasted no time moving for Holdsworth to replace another central defender, Richard Hall, who is joining West Ham.

Holdsworth, whose twin brother, Dean, plays for Wimbledon, was out of contract at Watford after turning down a new deal recently. The 27-year-old will travel to The Dell to complete the move today.

This job is a new beginning for Souness, who left Liverpool in 1994 with the club reduced to mid-table mediocrity. There was dismay at his £20m worth of wheeler-dealing in the transfer market, and disapproval of many of his signings.

Rule by fear rather than consensus seemed to be the order of play, according to regular Anfield observers – yet the fans had felt optimistic when he returned to 1991 as the successor to Kenny Dalglish, following his fine five-year track record at Rangers.

However, Souness fell out of favour when a picture of him recuperating from heart surgery appeared in the Sun on the third anniversary of the Hillsborough tragedy. The tabloid newspaper was reviled by the fans for its coverage of the disaster, and Merseyside was outraged by Souness' insensitivity.

Now, he has a chance to re-establish himself in the top flight, albeit with a club with arguably lower ambitions than his previous ports of call in Glasgow and Liverpool.

More football, page 31

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